SHEET METAL WORKERS' NATIONAL PENSION FUND
AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

CALIBRE
CPA GROUP
Bethesda, MD

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CONTENTS

REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees of
Sheet Metal Workers' National Pension Fund

We have audited the accompanying consolidated financial statements of the Sheet Metal Workers' National Pension Fund (the Plan) and its subsidiaries, which comprise the consolidated statements of net assets available for benefits as of December 31, 2016 and 2015, and the related consolidated statements of changes in net assets available for benefits for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Plan management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Plan's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial status of the Plan as of December 31, 2016 and 2015 and the changes in its consolidated financial status for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Additional Information

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying information presented on pages 23 through 25 is for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information is the responsibility of the Plan's management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Calibre CPA Group, PLLC

Bethesda, MD
October 3, 2017

Sheet Metal Workers' National Pension Plan and its Subsidiaries

Consolidated Statements of Net Assets Available for Benefits

December 31, 2016 and 2015

	2016	2015
Assets		
Investments - at fair value		
Common and privately held stock	$ 901,769,700	$ 1,047,102,963
Corporate obligations	310,509,304	333,233,901
United States Government and government agency obligations	244,654,176	220,096,138
Insurance company contracts	41,921,905	7,771,039
Pooled trust funds	210,791,159	265,570,592
Common collective trusts	1,145,698,868	554,467,729
Mutual funds	131,341,668	233,492,897
Limited partnerships	204,911,773	135,870,183
Hedge funds	342,116,521	407,984,331
Real estate	13,800,000	21,600,000
Short-term investments	185,957,036	97,186,886
Foreign obligations	304,278	303,439
Securities loaned to third parties		
Common stock	333,256,173	421,170,882
Corporate obligations	44,258,951	55,480,275
United States Government and government agency obligations	123,431,041	96,190,195
Collateral held for securities on loan	513,191,071	590,108,673
Total investments	4,747,913,624	4,487,630,123
Net assets held in 401(h) account	206,569	1,016,772
Receivables		
Contributions	46,096,851	45,146,651
Employer withdrawal liability - net	15,895,957	19,786,725
Accrued interest and dividends	6,665,463	7,155,428
Receivable for investment securities sold	63,390,414	7,684,994
Rent receivable	45,239	102,419
Due from affiliated organizations	668,392	615,226
Other receivables	4,029	4,006
Total receivables	132,766,345	80,495,449
Prepaid expenses, deposits and other assets	2,938,992	3,778,985
Cash		
NBF escrow accounts	6,237,607	12,716,513
Operating cash accounts	70,150,885	65,412,477
Total cash	76,388,492	78,128,990
Total assets	4,960,214,022	4,651,050,319
Liabilities and Net Assets		
Liabilities		
Accounts payable and withholdings	951,760	2,535,802
Settlement of securities purchased	106,889,150	55,083,000
Unprocessed/undistributed contributions	1,170,027	2,255,407
Deferred lease incentive	534,947	535,080
Notes payable	6,928,545	7,080,807
Obligations to 401(h) medical account	206,569	1,016,772
Obligations to refund collateral	513,191,071	590,108,673
Total liabilities	629,872,069	658,615,541
Net assets available for benefits	$ 4,330,341,953	$ 3,992,434,778

See accompanying notes to consolidated financial statements.

Sheet Metal Workers' National Pension Plan and its Subsidiaries

Consolidated Statements of Changes in Net Assets Available for Benefits

Years Ended December 31, 2016 and 2015

	2016	2015
Additions		
Investment income (loss)		
Net appreciation (depreciation) in fair value of investments	$ 268,872,014	$ (72,270,172)
Interest and dividend income	61,076,869	65,103,273
Rental income, net of expenses of $2,110,876 and $3,285,599, respectively	573,679	53,021
	330,522,562	(7,113,878)
Less: investment expenses	(8,774,975)	(9,485,726)
Total investment income (loss) - net	321,747,587	(16,599,604)
Contributions		
Employer contributions	502,148,962	460,954,494
Liquidated damages	163,472	127,567
Withdrawal liability income	1,192,176	1,216,152
Less: amounts deemed uncollectible	(1,769,771)	(5,001,359)
Total contributions	501,734,839	457,296,854
Settlement income	1,260,936	23,299
Total additions	824,743,362	440,720,549
Deductions		
Benefits		
Pension benefits	459,157,425	447,295,036
COLA benefits	13,025,335	13,818,343
Death benefits	195,722	273,122
Total benefits	472,378,482	461,386,501
Pension Benefit Guaranty Corporation expense	3,691,062	3,516,084
Administrative expenses - net	10,766,643	10,885,510
Total deductions	486,836,187	475,788,095
Net change	337,907,175	(35,067,546)
Net assets available for benefits		
Beginning of year	3,992,434,778	4,027,502,324
End of year	$ 4,330,341,953	$ 3,992,434,778

See accompanying notes to consolidated financial statements.

NOTE 1. DESCRIPTION OF THE PLAN

The Sheet Metal Workers' National Pension Fund (the Plan) is a defined benefit plan subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended, that has been established to provide retirement benefits for Participants who are represented for the purpose of collective bargaining by the International Association of Sheet Metal, Air, Rail and Transportation Workers' (SMART). In addition, other classes of Participants who work for a contributing employer, who may not be represented for the purpose of collective bargaining by SMART, may participate under the terms and conditions established by the Trustees. The Plan is entirely financed from employer contributions and investment earnings.

A Normal Retirement Pension benefit is calculated considering a Participant's work in Covered Employment. Over the years the benefit formula was changed in response to funding issues. Prior to 2000, a Participant could earn a maximum of 12 months of Pension Credit in a year and the value for that credit was generally dependent on the final earned contribution rate (valued in increments). For work performed on or after January 2000, the formula was changed to provide a benefit based on a percentage of contributions derived from Contribution Hours reported on the participant's behalf each Plan Year. For benefits earned through December 31, 2013, the percentage is based on a fixed amount and was dependent upon required contribution increases and the Schedule of Benefits selected by the bargaining parties. For Contribution Hours worked on or after January 2014, benefits are based on a percentage of contributions under a Variable Benefit Accrual Rate (VBAR). Under this formula, the percentage adjusts annually and is based upon the average market value investment returns over the previous three years and as certified by the actuary. Details concerning the applicable percentages, and the determinant accrual rate, are provided in the Plan Document.

For Participants that separate from the Plan in 1997 or later in order to qualify for a Normal Retirement Pension (payable at age 65) he/she must earn a minimum of 5 Years of Service. For Participants that separate from the Plan prior to 1997 he/she must earn a minimum of 10 Year of Service or earn a minimum of 10 years of Pension Credit (which includes no less than 5 years of Future Service Credit) is required to qualify for a pension. A Year of Service is defined as a calendar year in which a Participant works a minimum of 870 hours in Covered Employment within a specified timeframe.

In order to qualify for a Disability Benefit a participant must meet the following conditions:

- Not attained age 55;
- Provide an approval from the U.S. Social Security Administration for Social Security Disability Insurance Benefits;

NOTE 1. DESCRIPTION OF THE PLAN (CONTINUED)

- Must earn a minimum of 10 years of pension credit, which includes at least 5 years of future service credit, and earn a minimum of 435 hours of work in covered employment within the 24-months of his/her disability onset;

- Not have worked in non-signatory employment; and

- Is not deemed a person for whom contributions are not required to be made under the Rehabilitation Plan.

If a Participant meets these conditions the amount of the monthly benefit will be equal to the early retirement pension he or she would have qualified for but for age. (e.g. 55/30 Pension, Special Early Retirement Pension, Standard Early Retirement Pension or Unsubsidized Early Retirement Pension.)

Provided a Participant earns the minimum service requirements he/she will qualify for a monthly pension for his/her lifetime, provided he/she is not working in Disqualifying Employment. In the event of a retiree's death any continuation would be under the terms of the elected option. The earliest a Participant can qualify for a pension is the month following receipt of an application, except in the case of a required mandatory distribution. Under the terms of the Plan, a Participant must commence receipt of benefits the April 1st of the calendar year following attainment of age 70½.

Pension payments are subject to involuntary "cash out" in the event the actuarial present value of the monthly benefit is $1,000 or less. Additionally, the same opportunity exists on a voluntary basis if the actuarial present value of a pension is more than $1,000 and less than $5,000.

PRE-RETIREMENT DEATH BENEFITS:

In the event that a Participant qualified for pension and dies prior to retirement, his/her spouse will be eligible for a monthly survivor's benefit representing the amount payable to the spouse under the 50% Joint and Survivor Annuity Option. This benefit is payable as early as the month following death; however, in the event the Participant died prior to attaining age 55, the spousal benefit is actuarially reduced due to early distribution. The spouse is also given the option of delaying payment to the date the Participant would have attained age 55 or 65 to avoid reductions for early retirement pension.

In the event a Participant is not married and dies prior to receiving pension, a $5,000 lump sum death benefit will be payable if the following conditions are met:

- the Participant has attained Vested Status;

- he/she worked 435 Hours of Work in Covered Employment within the 24-month period preceding death;

NOTE 1. DESCRIPTION OF THE PLAN (CONTINUED)

- He/she had not been employed in non-signatory employment; and

- A QDRO has not been filed with the Plan assigning a portion of the pension to an alternate payee.

This brief description of the Plan is provided for general information purposes only. Participants should refer to the Summary Plan Description or Plan Rules for a more complete summary of the Plan.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The consolidated financial statements include the accounts of the Plan's subsidiaries, which hold title to certain real estate investments. All significant inter-company accounts and transactions have been eliminated for purposes of consolidation.

Method of Accounting - The consolidated financial statements have been prepared using the accrual basis of accounting.

Investments - Investments are carried at fair value. The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Purchases and sales of investments are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the plan’s gains and losses on investments bought and sold, as well as held during the year.

Employer Contributions - Employer contributions receivable at year-end are based on actual contributions received subsequent to year-end and an estimate for those employers who are delinquent.

Estimates - The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of plan assets and the actuarial present value of accumulated plan benefits at the date of the consolidated financial statements. Actual results could differ from those estimates. The fair value of certain investments are estimated primarily by investment managers and consultants. Those estimated values may differ from the values that would have been used had readily determinable market values existed, and it is at least reasonably possible that these values may prove, even in the near term, to not represent the actual market value.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment - Property and equipment is expensed when purchased.

Payment of Benefits - Benefit payments to participants are recorded upon distribution.

NOTE 3. TAX STATUS

The Internal Revenue Service (IRS) issued a favorable determination letter on March 11, 2015 which stated that the Plan and its underlying trust qualify under the applicable provisions of the Internal Revenue Code (IRC) and therefore are exempt from income taxes.

The Plan has been amended for various tax law changes since receiving its latest IRS determination letter. However, the Plan's administrator and the Plan's tax counsel believe the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC. Therefore, they believe the Plan is qualified and the related trust is tax-exempt.

The Plan has established a limited liability company and a 501(c)(25) corporation to hold title to its real estate investment properties.

The Plan accounts for income taxes in accordance with the Accounting Standards Codification (ASC) Topic *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's consolidated financial statements and prescribed a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Plan performed an evaluation of uncertain tax positions for the years ended December 31, 2016 and 2015, and determined that there were no matters that would require recognition in the consolidated financial statements or that may have an effect on its tax-exempt status. As of December 31, 2016, the statute of limitations for tax years 2013 through 2015 remains open with the U.S. Federal jurisdiction and the various states and local jurisdictions in which the Plan files returns.

NOTE 4. RELATED PARTY TRANSACTIONS

The Plan has contracted with several affiliated organizations with common participants under administrative service agreements to provide for contribution collections, field audit, legal and benefit payment services. The administrative reimbursement for the years ended December 31, 2016 and 2015 was $1,734,455 and $1,878,661, respectively.

NOTE 4. RELATED PARTY TRANSACTIONS (CONTINUED)

The following represents the amount charged to each affiliated organization for the administrative service agreements for the years ended December 31, 2016 and 2015:

	2016	2015
SMART Local Unions and Councils Pension Plan - Canada	$ 50,766	$ 62,231
SMART Local Unions and Councils Pension Plan - USA	284,615	272,837
Sheet Metal Workers' Occupational Health Institute Trust	15,413	16,632
National Energy Management Institute Committee	22,861	24,660
International Training Institute	427,790	541,744
Stabilization Agreement of the Sheet Metal Industry	805,288	826,218
International Association of Sheet Metal, Air, Rail and Transit Workers	3,068	5,524
Sheet Metal Workers' International Scholarship Fund	4,247	4,595
Sheet Metal Workers' Association Accidental Death and Dismemberment Plan	17,869	21,374
Sheet Metal Workers' National Supplemental Savings Plan	102,538	102,846
Total	$ 1,734,455	$ 1,878,661

During the years ended December 31, 2016 and 2015, the Plan also paid certain reimbursable expenses on behalf of affiliated organizations.

Total amounts due from the affiliated organizations to the Plan at December 31, 2016 and 2015 were as follows:

	2016	2015
SMART Local Unions and Councils Pension Plan - USA	$ 101,661	$ 136,613
Sheet Metal Workers' Occupational Health Institute Trust	3,654	1,964
National Energy Management Institute Committee	12,247	796
International Training Institute	27,546	204,741
Stabilization Agreement of the Sheet Metal Industry	426,459	158,375
International Association of Sheet Metal, Air, Rail and Transit Workers	9,415	6,347
Sheet Metal Workers' International Scholarship Fund	2,471	1,180
Sheet Metal Workers’ Association Accidental Death and Dismemberment Plan	2,341	6,614
Sheet Metal Workers' National Supplemental Savings Plan	69,912	67,080
SMART Local Unions and Councils Pension Plan - Canada	12,686	31,516
Total	$ 668,392	$ 615,226

NOTE 4. RELATED PARTY TRANSACTIONS (CONTINUED)

Additionally, at December 31, 2016 and 2015, the Plan owed $1,170,027 and $2,255,407, respectively, of unprocessed and undistributed contributions collected on behalf of affiliated organizations as follows:

	2016	2015
Sheet Metal Workers' National Supplemental Savings Plan	$ 79,393	$ 175,234
Sheet Metal Workers' Occupational Health Institute Trust	35,346	67,472
National Energy Management Institute Committee	60,345	102,096
International Training Institute	243,766	410,406
Stabilization Agreement of the Sheet Metal Industry	430,269	1,126,045
Stabilization Agreement of the Sheet Metal Industry II	1,654	1,553
Sheet Metal Workers' International Scholarship Fund	4,841	11,717
Refunds to employers	314,413	360,884
Total	$ 1,170,027	$ 2,255,407

NOTE 5. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820, *Fair Value Measurements,* are described as follows:

Level 1 – inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2 – inputs to the valuation methodology include the following:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; and
- inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

NOTE 5. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The following is a summary of the inputs used as of December 31, 2016 and 2015, in valuing investments carried at fair value on a recurring basis is as follows:

Description	12/31/16 Total	Quoted Market Price for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common and privately held stock	$ 1,235,025,873	$ 1,232,403,518	$ -	$ 2,622,355
Corporate obligations	354,768,255	-	354,768,255	-
United States Government and government agency obligations	368,085,217	142,815,247	225,269,970	-
Foreign obligations	304,278	-	304,278	-
Insurance company contracts	6,696,521	-	6,094,316	602,205
Mutual funds	80,254,525	80,254,525	-	-
Real estate	13,800,000	-	-	13,800,000
Short-term investments	185,957,036	-	185,957,036	-
Collateral held for securities on loan	513,191,071	-	513,191,071	-
	2,758,082,776	$ 1,455,473,290	$ 1,285,584,926	$ 17,024,560
Investments measured at net asset value*	1,989,830,848			
Total	$ 4,747,913,624			

Description	12/31/15 Total	Quoted Market Price for Assets (level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common and privately held stock	$ 1,468,273,845	$ 1,466,149,218	$ -	$ 2,124,627
Corporate obligations	388,714,176	-	388,714,176	-
United States Government and government agency obligations	316,286,333	126,073,770	190,212,563	-
Foreign obligations	303,439	-	303,439	-
Insurance company contracts	7,771,039	-	7,182,181	588,858
Mutual funds	183,376,364	183,376,364	-	-
Real estate	21,600,000	-	-	21,600,000
Short-term investments	97,186,886	-	97,186,886	-
Collateral held for securities on loan	590,108,673	-	590,108,673	-
	3,073,620,755	$ 1,775,599,352	$ 1,273,707,918	$ 24,313,485
Investments measured at net asset value*	1,414,009,368			
Total	$ 4,487,630,123			

*In accordance with Accounting Standards Codification, investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statements of net assets available for benefits.

A reconciliation of the beginning and ending balances for the year ended December 31, 2016 and 2015 of the net assets whose fair value has been determined using significant unobservable inputs (Level 3) is as follows:

Changes in Level 3 Category	Real Estate	Insurance Co. Contracts	Privately held Stocks
Beginning balance - 1/1/2016	$ 21,600,000	$ 588,858	$ 2,124,627
Net gains (losses)			
Realized	(9,800,000)	15,399	-
Unrealized	-	-	497,728
Purchases	-	-	-
Sales	2,000,000	(2,052)	-
Ending balance - 12/31/2016	$ 13,800,000	$ 602,205	$ 2,622,355

Changes in Level 3 Category	Real Estate	Insurance Co. Contracts	Privately held Stocks
Beginning balance - 1/1/2015	$ 21,600,000	$ 576,484	$ 2,059,178
Net gains			
Realized	-	17,213	-
Unrealized	-	-	65,449
Purchases	-	-	-
Sales	-	(4,839)	-
Ending balance - 12/31/2015	$ 21,600,000	$ 588,858	$ 2,124,627

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2016 and 2015.

Common stock and U.S. Treasury bills: The fair value of the Plan's investments in common stock and U.S. Treasury bills are valued using the quoted prices of identical investments on the active markets they are traded.

Corporate, foreign and other government agency obligations: The fair value of the Plan's investments in corporate, foreign and other government agency obligations are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

NOTE 5. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Mutual funds: The fair value of the Plan's investments in mutual funds are valued using the quoted prices of identical investments on the active markets they are traded.

Short term investments: Valued at amortized cost, which approximates fair value.

Insurance company contracts: Valued based on estimated amounts reported by the insurance company that holds the contracts.

Collateral held for securities on loan: Consists of cash, letters of credit issued by an entity other than the borrower, and securities. The collateral is marked to market daily based on the value of the underlying inputs.

Privately held stock: Value estimated based on independent audits of the investments and amounts reported by the investment manager or other investment consultants as applicable to the respective investment.

Real estate: Investments in real estate have been estimated based upon valuations performed by real estate valuation professionals.

Authoritative guidance on fair value measurements permits the Plan to measure the fair value of an investment in an investment entity that does not have a readily determinable fair value based upon the net asset value per share (NAV) of the investment. This guidance does not apply if it is probable that the investment will be sold at a value different than NAV.

The Plan's investment in these investment entities is subject to the terms of the respective agreements. Income or loss from investments in these investment entities is net of the Plan's proportionate share of fees and expenses incurred or charged by these investment entities.

The Plan's risk of loss in these entities is limited to its investment. The Plan may increase or decrease its level of investment in these entities at its discretion. The Plan typically has the ability to redeem its investment from these entities on a daily or quarterly basis but longer lock-up periods can apply to certain investments.

The following table summarizes the Plan's investments in certain entities that calculate net asset value per share as fair value measurement as of December 31, 2016 and 2015 by investment strategy:

	Fair Value		Unfunded	Redemption	Redemption Notice
	2016	2015	Commitments	Frequency	Period
a. Hedge funds	$ 342,116,521	$ 407,984,331	$ 17,500,000	varies	varies
b. Pooled trust funds	210,791,159	265,570,592	-	varies	varies
c. Common collective trusts	1,145,698,868	554,467,729	-	varies	varies
d. Limited partnerships	204,911,773	135,870,183	74,600,000	varies	varies
e. Mutual funds	51,087,143	50,116,533	-	quarterly	one year
f. Insurance company contracts	35,225,384	-	-	monthly	quarterly

NOTE 5. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The following summarizes the investment strategy for the Plan's investments in the table presented above which do not report as a direct filing entity (DFE) to the Department of Labor.

a. The hedge fund category is comprised of investments in hedge funds of funds. Two investments totaling approximately $162,800,000 utilize a multi strategy trading and capital structure arbitrage. The underlying investments are primarily comprised of public and private obligations, short term investments and investment funds. These underlying investments are valued using a variety of techniques and assumptions. One of the Plan's investments has no redemption restrictions and may be redeemed daily while the other has no restriction on redemptions and may be redeemed quarterly with a redemption notice of 95 days. Investments representing the remaining $178,200,000 of the investment in hedge funds utilize a long/short trading strategy. The underlying investments are primarily comprised of equity hedge fund portfolios and are valued based on the net asset value as reported by the respective investment manager. These investments have no redemption restrictions. Redemption frequency varies between quarterly and annually with notice periods that vary from 65 to 95 days.

b. The Plan's investment in pooled trust funds is comprised of one investment which primarily invest in equity securities in emerging markets or developing countries. This investment is valued based on the underlying value of the securities which are primarily obtained from national and international exchanges. The investment can be redeemed daily with no redemption restrictions.

c. The common collective trust category is comprised of six investments, four of which report as DFEs. Three of these investments reporting as DFEs can be redeemed daily and the other can be redeemed quarterly with a one year redemption notice. The investment in AEW Core Property Trust (U.S.), Inc., which qualifies as a real estate investment trust under the Internal Revenue Code of 1986, as amended, is intended to be an open-end, long-term investment vehicle. This entity invests in real estate assets. The investment is valued at estimated fair valued based on the price that would be received to sell an asset between marketplace participants at the measurement date. Redemptions are restricted to quarterly with a 45-day notification period. The investment managed by Chevy Chase Trust Investment Advisors objective is to replicate the performance of the Standard and Poor's 500 index through investing in a widely recognized and traded index of common stock. This investment can be redeemed daily.

d. The Plan's investment in the limited partnership category consists of numerous individual investments. These investments seek to achieve long term-growth of capital consistent with risk reduction through diversification. The Plan estimates the fair value of their investments in limited partnerships based on the audited capital accounts and their respective percentage ownership as reported by the investment manager. These investments are subject to various restrictions on redemption and frequency. No one investment in this category exceeds 1% of total Plan investments.

NOTE 5. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

e. The mutual fund category is comprised of two investments. The first investment is in an entity that invests primarily in commercial real estate developments and acquisitions. The value is based on the appraised values of the underlying real estate. Redemptions are restricted to quarterly with a one-year notification period. The second investment's objective is to provide long-term growth of capital by investing primarily in equity securities of small-capitalization companies in countries represented in the S&P Developed ex-U.S. Small Cap Index. This investment can be redeemed daily.

f. The insurance company contracts category consists of one investment which reports as a DFE and can be redeemed monthly.

NOTE 6. PENSION BENEFITS

The Plan participates in SMART Local Unions and Councils Pension Plan (LUC), a multiemployer defined benefit retirement plan, which covers employees of the Sheet Metal Workers' National Pension Fund. The risks of participating in this multiemployer plan are different from a single-employer plan in the following aspects:

a. Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
c. If the Plan chooses to stop participating in some of its multiemployer plans, it may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Plan's participation in LUC for the annual periods ended December 31, 2016 and 2015 is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employee Identification Number (EIN) and the three-digit plan number, if applicable. The most recent Pension Protection Act (PPA) zone status available in 2016 and 2015 for LUC's year-end is as of November 30, 2015 and 2014, respectively. The zone status is based on information that the Plan received from LUC and is certified by the LUC's actuary. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded, and plans in the green zone are at least 80 percent funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented.

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status		FIP/RP Status Pending/ Implemented	Contributions of the Plan			Surcharge Imposed
		2015	2014		2016	2015	2014	
SMART Local Unions and Councils' Pension Plan	53-6001972 33	Green	Green	N/A	$ 679,483	$ 653,078	$ 648,938	N/A

The Plan was listed in SMART Local Unions and Councils Pension Plan's 2015 Form 5500 as providing more than 5% of the total contributions for the plan's year-end.

NOTE 7. ACTUARIAL INFORMATION

The most recent actuarial valuations of the Plan were made as of December 31, 2016 and 2015 by The Segal Company. Information shown in the reports included the following:

	December 31,	
	2016	2015
Actuarial present value of accumulated plan benefits		
Vested benefits		
Participants or beneficiaries currently receiving payments	$ 4,209,867,923	$ 4,065,913,451
Other vested benefits	2,922,483,657	2,813,081,617
	7,132,351,580	6,878,995,068
Non-vested benefits	361,920,417	351,773,870
Total actuarial present value of accumulated plan benefits	7,494,271,997	7,230,768,938
Net assets available for benefits	4,330,341,953	3,992,434,778
Excess of actuarial present value of accumulated plan benefits over net assets available for benefits	$ 3,163,930,044	$ 3,238,334,160

As reported by the actuary, the changes in the present value of accumulated plan benefits during the years ended December 31, 2016 and 2015 were as follows:

	December 31,	
	2016	2015
Actuarial present value of accumulated plan benefits at beginning of year	$ 7,230,768,938	$ 6,987,384,126
Increase (decrease) during the period attributed to		
Benefits paid	(472,378,482)	(461,386,501)
Interest	524,593,477	506,751,816
Benefits accumulated, experience gains or loss	210,136,153	193,752,081
Change in actuarial assumptions	-	-
Plan amendments	1,151,911	4,267,416
Actuarial present value of accumulated plan benefits at end of year	$ 7,494,271,997	$ 7,230,768,938

Contribution rates increased according to the Rehabilitation Plan. Since benefit accruals are tied directly to contribution rates, the contribution rate increases are treated as plan amendments.

NOTE 7. ACTUARIAL INFORMATION (CONTINUED)

Some of the more significant actuarial assumptions and methods used in estimating the present value of accumulated plan benefits were:

Mortality Rate - Healthy: RP-2014 Blue Collar Employee Mortality Tables (sex district), with ages set forward 1 year, projected generationally using scale MP-2014. Disabled Mortality: RP- 2014 Disabled Retiree Mortality Tables (sex district), with ages set forward 1 year, projected generationally using scale MP-2014.

Rates of Retirement - Ages 55 to 70. Terminated vested participants are assumed to retire at the earliest possible retirement age.

Investment rate of return - 7.5%

Cost Method - Unit credit cost method.

Percent married - 80%

Administrative expense - $14,600,000 and $14,500,000 at December 31, 2016 and 2015, respectively.

The above actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining actuarial results. Through December 31, 2016, the Plan's actuary has determined the Plan has met the minimum funding requirements of ERISA.

The Plan is certified in endangered (yellow zone) status.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

NOTE 8. PRIORITIES UPON TERMINATION

Whether all participants receive their benefits should the Plan terminate at some future time will depend on the sufficiency, at that time, of the Plan's net assets to provide those benefits and may also depend on the level of benefits guaranteed by the Pension Benefit Guaranty Corporation (PBGC). The PBGC provides financial assistance to plans to help them avoid insolvency. Should a plan become insolvent, the PBGC guarantees certain benefits to participants; however, the benefits guaranteed are generally only a portion of the normal pension benefit. In addition, no benefit increases as a result of plan amendments in effect for less than five years are guaranteed.

NOTE 9. 401(h) ACCOUNT

The Plan was amended to include a medical-benefit component, in addition to the normal retirement benefits to fund a portion of the postretirement obligations for retirees and their beneficiaries, in accordance with Internal Revenue Code (IRC) Section 401(h). A separate account has been established and maintained in the Plan for the net assets related to the medical-benefit component (401(h) account). In accordance with IRC Section 401(h), the Plan's investments in the 401(h) account may not be used for, or diverted to, any purpose other than providing health benefits for retirees and their beneficiaries. The related obligations for health benefits are not included in this Plan's financial statements. Employer contributions to the 401(h) account are determined periodically and are at the discretion of the Plan Sponsor.

Certain portion of the Plan's net assets are restricted to fund a portion of postretirement health benefits for retirees and their beneficiaries in accordance with IRC Section 401(h).

The following is a reconciliation of net assets available for pension benefits per the financial statements to the Form 5500:

	December 31, 2016	December 31, 2015
Net assets available for benefits per the financial statements	$ 4,330,341,953	$ 3,992,434,778
Net assets held in 401(h) account included as assets in Form 5500	206,569	1,016,772
Net assets available for benefits per the Form 5500	$ 4,330,548,522	$ 3,993,451,550

The net assets of the 401(h) account included in Form 5500 are not available to pay pension benefits but can be used only to pay retiree health benefits.

The following is a reconciliation of the changes in net assets per the financial statements to the Form 5500:

For the Year Ended December 31, 2016	Amounts Per Financial Statements	401(h) Account	Amounts Per Form 5500
Contributions	$ 501,734,839	$ 6,685,085	$ 508,419,924
Benefits	$ 472,378,482	$ 6,478,516	$ 478,856,998

NOTE 10. WITHDRAWAL LIABILITY

The Plan assesses withdrawal liability to employers who have withdrawn from the Plan in accordance with plan provisions and related regulations. Amounts assessed as withdrawal liability contributions are recorded as receivable when collection of the assessment appears reasonably certain. Once the receivable is recorded, a portion of each payment received reduces the receivable and a portion is recorded as interest income on withdrawal liability contributions. The payment status of each employer is reviewed semiannually by the Plan's legal counsel and an allowance for doubtful collection is recorded if warranted. At December 31, 2016 and 2015, $15,895,957 and $19,786,725, respectively, was recorded as receivable.

NOTE 11. NOTES PAYABLE

The Plan has a note payable to Tristate Capital Bank collateralized by real estate. The Plan amended the loan agreement and note in October 2014. The terms of the note provide for payments of principal and interest payable monthly equal to 3% above the LIBOR Monthly Rate. The principal owed on this note is $6,928,545 and $7,080,807 as of December 31, 2016 and 2015, respectively. The note, scheduled to mature in October, 2016, was refinanced subsequent to year end.

NOTE 12. LITIGATION

The Plan is involved in legal proceedings and claims of various types. In the opinion of the Plan’s management, the amount of ultimate liability with respect to these actions will not materially affect the financial status of the Plan.

NOTE 13. SECURITIES LENDING ACTIVITIES

The Trustees of the Plan have entered into an agreement with the Plan’s custodial bank as of January 1, 1998, which authorizes the bank to lend securities held in the Plan’s accounts to third parties. The bank must obtain collateral from the borrower in the form of cash, letters of credit issued by an entity other than the borrower, or acceptable securities.

Both the collateral and the securities loaned are marked-to-market on a daily basis so that all loaned securities are fully collateralized at all times. In the event that the loaned securities are not returned by the borrower, the bank will, at their own expense, either replace the loaned securities or, if unable to purchase those securities on the open market, will credit the Plan’s accounts with cash equal to the fair value of the loaned securities.

Effective September 1, 2003, the split in income derived from the securities lending activities is 70% and 30% between the Plan and the custodial bank. “Interest and dividend income” reported in the accompanying consolidated statements of changes in net assets available for pension benefits includes $3,776,295 and $2,799,871 earned by the Plan during the years ended December 31, 2016 and 2015, respectively, in connection with the securities lending program.

NOTE 13. SECURITIES LENDING ACTIVITIES (CONTINUED)

Although the Plan's securities lending activities are collateralized as described above, and although the terms of the securities lending agreement with the custodial bank requires it to comply with government rules and regulations related to the lending of securities held by ERISA plans, the securities lending program involves both market and credit risk. In this context, market risk refers to the possibility that the borrower of securities will be unable to collateralize their loan upon a sudden material change in the fair value of the loaned securities or the collateral, or that the bank's investment of cash collateral received from the borrowers of the Plan's securities may be subject to unfavorable market fluctuations. Credit risk refers to the possibility that counterparties involved in the securities lending program may fail to perform in accordance with the terms of their contracts, respectively.

At December 31, 2016 and 2015, the fair value of securities loaned was $500,946,165 and $572,841,352, respectively, while the cash collateral held was $513,191,071 and $590,108,673, respectively.

The Plan has segregated securities on loan to third parties from other investments on the statement of net assets available for pension benefits and has also reported the cash collateral held for securities on loan, and a corresponding liability to return the collateral.

NOTE 14. MINIMUM FUTURE RENTAL INCOME

The Plan's real estate subsidiaries lease office space to various tenants. At December 31, 2016, the minimum rental revenue related to all non-cancelable leases with unrelated parties was as follows:

Year Ending December 31,	2017	$ 2,123,217
	2018	2,023,528
	2019	1,830,131
	2020	1,782,155
	2021	1,744,079
	Thereafter	5,977,115
		$ 15,480,225

NOTE 15. FUTURE MINIMUM LEASE PAYMENTS

In August of 2012, the Plan entered into an operating lease agreement for office space in Fairfax, Virginia. The lease is for a period of 128 months and includes an eight month rent abatement period, as well as, a tenant improvement allowance. The agreement terminates on March 31, 2023.

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Minimum annual rental and lease commitments under the leases at December 31, 2016 are as follows:

December 31,	2016	$	659,711
	2017		682,801
	2018		706,699
	2019		731,434
	2020		757,034
	Thereafter		983,355
		$	4,521,034

Total rental expense was $637,269 for the years ended December 31, 2016 and 2015.

NOTE 16. RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the consolidated statements of net assets available for benefits.

Plan contributions are made, and the actuarial present value of accumulated plan benefits is reported, based on certain assumptions pertaining to interest rates; inflation rates; and employee demographics, all of which are subject to change. Due to the uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the consolidated financial statements.

NOTE 17. SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 3, 2017, which is the date the consolidated financial statements were available to be issued. No additional adjustment to or disclosure is necessary in the accompanying consolidated financial statements.

ADDITIONAL INFORMATION

Sheet Metal Workers' National Pension Plan
and its Subsidiaries

Schedules of Investment Expenses

Years Ended December 31, 2016 and 2015

	2016	2015
Investment consulting fees and expenses		
Graystone	$ 1,804,986	$ 1,840,530
BNY Mellon	413,710	341,304
Zeno Consulting Group	40,000	46,875
Custodian fees		
BNY Mellon	196,919	191,674
Insurance contract administration charges and management fees	13,222	13,756
Investment manager fees	6,306,138	7,051,587
	$ 8,774,975	$ 9,485,726

Sheet Metal Workers' National Pension Plan and its Subsidiaries

Schedules of Legal Fees and Expenses

Years Ended December 31, 2016 and 2015

	2016	2015
Slevin & Hart, P.C.	$ 590,847	$ 1,070,465
Jennings Sigmond	149,761	323,058
Jeffrey Dubin	255,320	535,132
Others	240,334	224,870
	$ 1,236,262	$ 2,153,525

Sheet Metal Workers' National Pension Plan and its Subsidiaries

Schedules of Administrative Expenses

Years Ended December 31, 2016 and 2015

	2016	2015
Actuarial fees	$ 277,623	$ 254,750
Administrative charges - John Hancock	10,899	132,539
Audit and accounting fees	91,700	88,900
Bank charges	47,749	55,706
Computer processing	415,967	738,172
Consulting	574,006	323,957
Employee fringe benefits	1,218,585	1,116,528
Employer contributions compliance	1,302,422	1,057,620
Equipment rental and maintenance	39,040	44,589
Insurance	38,768	48,163
Legal fees and expenses	1,236,262	2,153,525
Local union collection service	127,281	140,093
Office supplies and expense	227,996	175,596
Office lease	637,269	637,269
Pension contribution	679,483	653,078
Postage/Mailing	329,963	337,752
Printing	172,488	135,840
Salaries	4,075,988	3,931,470
Reimbursement of legal costs	(137,518)	(376,376)
Seminars	15,696	19,754
Social Security Administration	5,247	18,737
Storage	11,717	10,809
Subscriptions and periodicals	46,554	28,405
Taxes - payroll	308,679	297,055
Taxes - other	21,373	21,078
Telephone	61,524	58,323
Third party administrative fees	38,164	151,583
Travel and meetings	38,160	30,590
Trustee liability insurance	554,178	455,363
Trustee meeting expense	33,835	23,303
	12,501,098	12,764,171
Less: administrative reimbursements from affiliated organizations	(1,734,455)	(1,878,661)
Total	$ 10,766,643	$ 10,885,510