Sheet Metal Workers' National Pension Fund and its Subsidiary

Consolidated Financial Statements

December 31, 2018

CALIBRE
CPA GROUP

Sheet Metal Workers' National Pension Fund and its Subsidiary

Consolidated Financial Statements

Years Ended December 31, 2018 and 2017

Contents

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CPA GROUP

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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 subsidiary, which comprise the consolidated statements of net assets available for benefits as of December 31, 2018 and 2017, 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 audits 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 Plan'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, 2018 and 2017 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 Supplemental 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 25 through 27 is for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information is the responsibility of 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.

CalibreCPAGroup, PLLC

Bethesda, MD
October 3, 2019

Sheet Metal Workers' National Pension Fund and its Subsidiary

Consolidated Statements of Net Assets Available for Benefits

December 31, 2018 and 2017

	2018	2017
Assets		
Investments - at fair value		
Common and privately held stock	$ 679,581,223	$ 791,725,665
Corporate obligations	355,867,435	348,917,377
United States Government and government agency obligations	189,312,421	249,394,976
Insurance company contracts	157,300,704	104,194,383
Common collective trusts	1,846,587,757	1,805,245,517
Mutual funds	167,392,988	191,999,909
Limited partnerships	275,927,671	224,981,513
Hedge funds	395,083,878	358,118,739
Real estate	-	11,850,000
Short-term investments	272,232,620	294,957,546
Foreign obligations	304,315	315,788
Securities loaned to third parties		
Short-term investments	2,023,435	-
Common stock	171,944,881	313,722,881
Corporate obligations	44,759,784	41,453,320
United States Government and government agency obligations	182,879,855	182,629,789
Collateral held for securities on loan	410,693,161	550,242,128
Total investments	5,151,892,128	5,469,749,531
Net assets held in 401(h) account	604,466	563,184
Receivables		
Contributions	50,125,886	51,209,320
Employer withdrawal liability - net	15,309,486	17,833,411
Accrued interest and dividends	6,789,292	6,666,625
Receivable for investment securities sold	17,622,753	29,347,194
Rent receivable	-	35,960
Due from affiliated organizations	150,647	583,852
Other receivables	2,347	2,459
Total receivables	90,000,411	105,678,821
Prepaid expenses, deposits and other assets	579,486	4,125,853
Cash		
NBF escrow accounts	7,348,946	6,753,138
Operating cash accounts	85,300,475	79,995,394
Total cash	92,649,421	86,748,532
Total assets	5,335,725,912	5,666,865,921
Liabilities and Net Assets		
Liabilities		
Accounts payable and withholdings	1,800,180	1,754,569
Settlement of securities purchased	45,523,168	103,959,206
Unprocessed/undistributed contributions	1,758,828	1,602,815
Deferred lease incentive	466,971	512,504
Notes payable	-	6,781,947
Obligations to 401(h) medical account	604,466	563,184
Obligations to refund collateral	410,693,161	550,242,128
Total liabilities	460,846,774	665,416,353
Net assets available for benefits	$ 4,874,879,138	$ 5,001,449,568

See accompanying notes to consolidated financial statements.

Sheet Metal Workers' National Pension Fund
and its Subsidiary

Consolidated Statements of Changes in Net Assets Available for Benefits

Years Ended December 31, 2018 and 2017

	2018	2017
Additions		
Investment income		
Net appreciation (depreciation) in fair value of investments	$ (257,761,092)	$ 559,359,374
Interest and dividend income	61,499,605	62,357,202
Rental income, net of expenses of $ - and $2,174,417, respectively	-	526,742
	(196,261,487)	622,243,318
Less: investment expenses	(10,683,102)	(9,499,159)
Total investment income - net	(206,944,589)	612,744,159
Contributions		
Employer contributions	587,148,699	550,584,917
Liquidated damages	452,752	228,544
Withdrawal liability income	1,267,173	3,919,549
Less: amounts deemed uncollectible	(473,591)	(693,618)
Total contributions	588,395,033	554,039,392
Settlement income	1,147,280	1,761,552
Total additions	382,597,724	1,168,545,103
Deductions		
Benefits		
Pension benefits	483,828,568	470,135,663
Cost of living adjustment benefits	11,590,798	12,306,500
Death benefits	146,387	141,393
Total benefits	495,565,753	482,583,556
Pension Benefit Guaranty Corporation expense	3,918,180	3,866,436
Administrative expenses - net	9,684,221	10,987,496
Total deductions	509,168,154	497,437,488
Net change	(126,570,430)	671,107,615
Net assets available for benefits		
Beginning of year	5,001,449,568	4,330,341,953
End of year	$ 4,874,879,138	$ 5,001,449,568

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 Board of Trustees (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 separated 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 separated 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 qualified domestic relations order 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 subsidiary, 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. Under this basis, revenue is recognized when earned and expenses are recognized when incurred.

Investments - The Plan's investments are recorded at fair value. 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 (depreciation) includes the Plan's gains and losses on investments bought and sold, as well as held during the year.

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

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. Management considers the delinquent amounts to be collectible. Therefore, no allowance is considered necessary.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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, management believes 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 501(c)(25) corporation to hold title to its real estate investment property.

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, 2018 and 2017, 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, 2018, the statute of limitations for tax years 2015 through 2017 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 and benefit payment services. The administrative reimbursement for the years ended December 31, 2018 and 2017 was $1,805,506 and $1,731,174, 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, 2018 and 2017:

	2018	2017
SMART Local Unions and Councils Pension Plan - Canada	$ 40,815	$ 51,374
SMART Local Unions and Councils Pension Plan - USA	466,770	287,757
Sheet Metal Workers' Occupational Health Institute Trust	122,927	69,360
National Energy Management Institute Committee	146,158	105,805
International Training Institute	289,158	288,840
Stabilization Agreement of the Sheet Metal Industry	689,385	800,519
International Association of Sheet Metal, Air, Rail and Transit Workers	1,917	3,595
Sheet Metal Workers' International Scholarship Fund	3,110	3,545
Sheet Metal Workers' Association Accidental Death and Dismemberment Plan	7,900	17,867
Sheet Metal Workers' National Supplemental Savings Plan	37,366	102,512
Total	$ 1,805,506	$ 1,731,174

Total amounts due from the affiliated organizations to the Plan at December 31, 2018 and 2017 were as follows:

	2018	2017
SMART Local Unions and Councils Pension Plan - USA	$ (1,858)	$ 69,314
Sheet Metal Workers' Occupational Health Institute Trust	4,656	20,732
National Energy Management Institute Committee	22,623	36,237
International Training Institute	55,389	128,939
Stabilization Agreement of the Sheet Metal Industry	26,192	243,089
International Association of Sheet Metal, Air, Rail and Transit Workers	11,527	13,010
Sheet Metal Workers' International Scholarship Fund	1,544	1,688
Sheet Metal Workers’ Association Accidental Death and Dismemberment Plan	(114)	4,982
Sheet Metal Workers' National Supplemental Savings Plan	23,018	52,970
SMART Local Unions and Councils Pension Plan - Canada	7,670	12,891
Total	$ 150,647	$ 583,852

NOTE 4. RELATED PARTY TRANSACTIONS (CONTINUED)

Additionally, at December 31, 2018 and 2017, the Plan owed $1,758,828 and $1,602,815, respectively, of unprocessed and undistributed contributions collected on behalf of affiliated organizations as follows:

	2018	2017
Sheet Metal Workers' National Supplemental Savings Plan	$ 169,849	$ 120,400
Sheet Metal Workers' Occupational Health Institute Trust	40,285	42,170
National Energy Management Institute Committee	65,216	68,737
International Training Institute	264,578	276,479
Stabilization Agreement of the Sheet Metal Industry	813,141	737,273
Stabilization Agreement of the Sheet Metal Industry II	2,548	2,717
Sheet Metal Workers' International Scholarship Fund	5,555	9,553
Reciprocal contributions	397,656	345,486
Total	$ 1,758,828	$ 1,602,815

NOTE 5. INVESTMENTS AND FAIR VALUE MEASUREMENTS

Accounting standards provides the framework for measuring fair value which 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 (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy 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 other significant observable inputs including:

- 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 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 tables set forth by level, within the fair value hierarchy, the Plan's assets as of December 31, 2018 and 2017:

Description	12/31/18 Total	Quoted Market Price for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
ASSETS				
Common and privately held stock	$ 851,526,104	$ 850,386,884	$ -	$ 1,139,220
Corporate obligations	400,627,219	-	400,627,219	-
United States Government and government agency obligations	372,192,276	234,227,658	137,964,618	-
Foreign obligations	304,315	-	304,315	-
Insurance company contracts	5,286,568	-	4,658,795	627,773
Short-term investments	274,256,055	2,023,435	272,232,620	-
Collateral held for securities on loan	410,693,161	-	410,693,161	-
	2,314,885,698	$ 1,086,637,977	$ 1,226,480,728	$ 1,766,993
Investments measured at net asset value*	2,837,006,430			
Total assets	5,151,892,128			
LIABILITIES				
Obligations to refund collateral	(410,693,161)	-	(410,693,161)	-
Total liabilities	(410,693,161)	-	(410,693,161)	-
Total	$ 4,741,198,967			

*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 this table 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.

NOTE 5. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Description	12/31/17 Total	Quoted Market Price for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
ASSETS				
Common and privately held stock	$ 1,105,448,546	$ 1,103,268,649	$ -	$ 2,179,897
Corporate obligations	390,370,697	-	390,370,697	-
United States Government and government agency obligations	432,024,765	134,776,899	297,247,866	-
Foreign obligations	315,788	-	315,788	-
Insurance company contracts	5,961,498	-	5,347,564	613,934
Real estate	11,850,000	-	-	11,850,000
Short-term investments	294,957,546	-	294,957,546	-
Collateral held for securities on loan	550,242,128	-	550,242,128	-
	2,791,170,968	$ 1,238,045,548	$ 1,538,481,589	$ 14,643,831
Investments measured at net asset value*	2,678,578,563			
Total assets	$ 5,469,749,531			
LIABILITIES				
Obligations to refund collateral	(550,242,128)	-	(550,242,128)	-
Total liabilities	(550,242,128)	-	(550,242,128)	-
Total	$ 4,919,507,403			

*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 this table 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.

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, 2018 and 2017.

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.

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.

NOTE 5. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

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.

A reconciliation of the beginning and ending balances for the year ended December 31, 2018 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 - 1/1/2018	$ 11,850,000	$ 613,934	$ 2,179,897
Net gains (losses)			
Realized	(3,159,740)	-	(208,336)
Unrealized	-	-	152,582
Purchases	-	15,351	-
Sales	(8,690,260)	(1,512)	(984,923)
Ending balance - 12/31/2018	$ -	$ 627,773	$ 1,139,220

A reconciliation of the beginning and ending balances for the year ended December 31, 2017 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 - 1/1/2017	$ 13,800,000	$ 602,205	$ 2,622,355
Net gains			
Realized	-	-	-
Unrealized	(1,950,000)	-	(420,814)
Purchases	-	15,038	-
Sales	-	(3,309)	(21,644)
Ending balance - 12/31/2017	$ 11,850,000	$ 613,934	$ 2,179,897

NOTE 5. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

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 NAV per share as fair value measurement as of December 31, 2018 and 2017 by investment strategy:

	Fair Value		Unfunded	Redemption	Redemption Notice
	2018	2017	Commitments	Frequency	Period
a. Hedge funds	$ 395,083,878	$ 358,118,739	$ 21,757,000	varies	varies
b. Common collective trusts	1,846,587,757	1,805,245,517	-	varies	varies
c. Mutual funds	167,392,988	191,999,909	-	quarterly	one year
d. Limited partnerships	275,927,671	224,981,513	249,433,000	varies	varies
e. Insurance company contracts	152,014,136	98,232,885	-	monthly	quarterly
	$ 2,837,006,430	$ 2,678,578,563			

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 Plan's investments in hedge funds consist of the following:

	2018	2017
Abbey Capital Fund	$ -	$ 58,177,276
Berens Capital ERISA Fund	-	292,342
Corbin ERISA Opportunity Fund	54,325,419	51,884,050
Grosvenor Enhanced Long/Short Equity Fund, Ltd.	48,747,502	53,261,516
Renaissance Institutional Equities Fund, LLC	56,431,467	52,002,264
Private Advisors Small Company Buyout Fund V	20,058,533	17,787,442
Private Advisors Small Company Private Equity Fund VI	13,336,969	9,149,087
Private Advisors Small Company Private Equity Fund VII	8,494,609	3,820,724
Private Advisors Hedged Equity Fund	120,455,496	111,744,038
U.S. Real Estate Investment Fund, LLC	27,723,120	-
WMQS Global Equity Active Extension Offshore Fund, Ltd.	45,510,763	-
Total	$ 395,083,878	$ 358,118,739

NOTE 5. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Abbey Capital Fund utilizes 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. This investment has no redemption restrictions and may be redeemed daily.

Berens Capital ERISA Fund invests to achieve capital appreciation while attempting to reduce risk and volatility. The Fund seeks to accomplish this by allocating its assets primarily among a selected group of private Portfolio Funds that invest in a variety of financial markets. The investment can be redeemed annually with notice period of 95 days

Corbin ERISA Opportunity Fund seeks to invest to achieve a substantial return on capital through opportunistic investments primarily in a broad range of public and private credit instruments. This investment can be redeemed quarterly with a notice period of 65 days.

Grosvenor Enhanced Long/Short Equity Fund, Ltd utilizes 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. There are no redemption restrictions. The investment can be redeemed monthly with notice period of 30 days

Renaissance Institutional Equities Fund, LLC invests in a widely diversified portfolio consisting almost exclusively of listed global equity securities that are publicly traded on U.S. securities exchanges. Redemptions are permitted monthly with a 45 day written notice.

The four Private Advisors funds utilize a long/short trading strategy. The underlying investments are primarily comprised of equity hedge fund portfolios and are valued based on the NAV as reported by the respective investment manager. These investments have no redemption restrictions. Redemptions of the Private Advisors Hedged Equity Fund are permitted quarterly with a 65 day written notice. The Plan does not have redemption rights under the investment agreements for the remaining three investments.

U.S. Real Estate Investment Fund, LLC is an open-end, commingled real estate investment fund and is intended to have an indefinite term. The fund is organized for the objective of enabling its operating subsidiaries to make investments in real estate assets; owning managing, supervising, and disposing of such investments through its subsidiaries. The investment can be redeemed quarterly.

WMQS Global Equity Active Extension Offshore Fund, Ltd primarily invests in a sub-set of the securities that comprise the MSCI Index, including publicly traded equities, equity swaps and equity options, but may invest in futures, foreign exchange and other financial instruments that are not part of the MSCI Index to hedge certain risks. Redemptions are permitted monthly with a 30 day written notice.

NOTE 5. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

b. The common collective trust category is comprised of nine 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 IRC 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. Four investments managed by the Legal & General Collective Investment Trust make up the remainder of the category. The investment objective of the MSCI ACWI Ex US Fund is to seek to match the risk and return characteristics of the MSCI ACWI Ex US Index by investing the assets of the portfolio primarily in publicly traded non-U.S. equity securities. The investment objectives of the S&P 400 Fund, S&P 500 Fund and S&P 600 are to seek to match the risk and return characteristics of the S&P 400 Total Return Index, S&P 500 Total Return Index and S&P Small Cap 600 Total Return Index, respectively, by investing the assets of the portfolio primarily in publicly traded U.S. equity securities. These investments can be redeemed daily.

c. The mutual fund category is comprised of three 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. The third investment invests in floating rate leveraged loans and seeks to generate an attractive spread above LIBOR. This investment can be redeemed daily.

NOTE 5. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

d. The Plan's investments in limited partnerships consists of the following:

	2018	2017
AEW Partners, L.P.	$ 11,022,929	$ 10,310,511
American Core Realty L.P.	74,382,587	54,069,218
Avenue Asia Special Situations Fund V, L.P.	699,536	-
Carlyle Private Equity Access Blocker Fund, L.P.	18,603,193	14,069,009
Cramer, Rosenthal & McGlynn		
Cerberus Institutional Partners	4,769	12,918
DCM, III L.P.	169,634	176,198
Freemont Partners III, L.P.	-	5,217
Quadrangle Capital Partners, L.P.	-	(10,374)
TCW/Cresent Mezzanine Partners	173	173
TL Ventures V, L.P.	28,535	28,535
Willis Stein & Partners, LLP	-	509
Grosvenor Institutional Partners, L.P.	53,717,076	54,509,664
Goldman Sachs Private Equity Partners	9,957,857	9,868,386
Hamilton Lane City Line Partners L.P.	3,124,927	-
Hamilton Lane Secondary Aggregator L.P.	5,486,390	-
Invesco Venture Partnership Fund	-	26,921
Invesco U.S. Buyout	11,743	11,743
Invesco Non-U.S. Partnership	166	17,203
McMorgan Infrastructure Fund I, L.P.	35,122,050	28,070,347
MHR Institutional Advisors II, L.P.	582,770	644,852
New View Capital Fund I, L.P.	4,543,034	-
Pantheon Access (ERISA), L.P.	6,503,844	-
Siguler Guff Distressed Real Estate Opportunities Fund II (E), L.P.	21,253,299	25,731,853
Siguler Guff Dreof II Co-investment Fund (E), L.P.	15,857,883	12,273,341
SK Capital Partners Fund V, L.P.	872,352	-
Townsquare Real Estate, L.P.	11,561,173	15,165,289
Webster Capital II-A, L.P.	2,421,751	-
Total	$ 275,927,671	$ 224,981,513

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.

e. 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, 2018 and 2017 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 2018 and 2017 for LUC's year-end is as of November 30, 2017 and 2016, 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 2017	2016	FIP/RP Status Pending/ Implemented	Contributions of the Plan 2018	2017	Surcharge Imposed
SMART Local Unions and Councils' Pension Plan	53-6001972 33	Green	Green	N/A	$ 665,486	$ 727,490	N/A

The Plan was listed in SMART Local Unions and Councils Pension Plan's 2017 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, 2018 and 2017 by The Segal Company. Information shown in the reports included the following:

	2018	2017
Actuarial present value of accumulated plan benefits		
Vested benefits		
Participants or beneficiaries currently receiving payments	$ 4,294,083,817	$ 4,294,941,651
Other vested benefits	3,139,466,960	3,071,909,902
	7,433,550,777	7,366,851,553
Non-vested benefits	394,149,219	370,781,235
Total actuarial present value of accumulated plan benefits	7,827,699,996	7,737,632,788
Net assets available for benefits	4,874,879,138	5,001,449,568
Excess of actuarial present value of accumulated plan benefits over net assets available for benefits	$ 2,952,820,858	$ 2,736,183,220

As reported by the actuary, the changes in the present value of accumulated plan benefits during the years ended December 31, 2018 and 2017 were as follows:

	2018	2017
Actuarial present value of accumulated plan benefits at beginning of year	$ 7,737,632,788	$ 7,494,271,997
Change during the period attributed to		
Benefits paid	(495,565,753)	(482,583,556)
Interest	561,738,743	543,973,516
Benefits accumulated, experience gains or loss	109,433,169	189,721,047
Changes in assumptions	(86,432,482)	-
Plan amendments	893,531	(7,750,216)
Actuarial present value of accumulated plan benefits at end of year	$ 7,827,699,996	$ 7,737,632,788

NOTE 7. ACTUARIAL INFORMATION (CONTINUED)

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.

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

Mortality Rate - Healthy: 103% of the RP-2006 Male Healthy Annuitant Mortality Table and 108% of the Female Healthy Annuitant Mortality Table, both projected generationally from 2006 with scale MP-2018. Disabled Mortality: 90% of the RP-2006 Disabled Male Retiree Mortality Table and 100% of the Disabled Female Retiree Mortality Table, both projected generationally from 2006 with scale MP-2018. generationally from 2006 with scale MP-2018.

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 - $14,500,000 and $15,000,000 at December 31, 2018 and 2017, respectively.

Several changes were made to demographic actuarial assumptions including mortality, withdrawal, retirement, disability, future benefit accruals and benefit elections. 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, 2018, 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.

NOTE 8. PRIORITIES UPON TERMINATION (CONTINUED)

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 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,	
	2018	2017
Net assets available for benefits per the financial statements	$ 4,874,879,138	$ 5,001,449,568
Net assets held in 401(h) account included as assets in Form 5500	604,466	563,184
Net assets available for benefits per the Form 5500	$ 4,875,483,604	$ 5,002,012,752

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, 2018		
	Amounts Per Financial Statements	401(h) Account	Amounts Per Form 5500
Contributions	$ 588,395,033	$ 5,900,000	$ 594,295,033
Benefits	$ 495,565,753	$ 5,858,718	$ 501,424,471

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, 2018 and 2017, withdrawal liability contributions of $114,860,804 and $116,910,679, respectively was recorded as receivable. An allowance for doubtful collection of $99,551,318 and $99,077,268 has been recorded as of December 31, 2018 and 2017.

NOTE 11. NOTES PAYABLE

The Plan has a note payable to Tristate Capital Bank collateralized by real estate. In July 2017, the Plan extended the loan agreement through June 2019. The terms of the note provide for payments of principal and interest payable monthly equal to 3.00% above the LIBOR Monthly Rate. On June 22, 2018, the real estate property was sold, and the note was paid off.
The principal owed on this note was $6,781,947 as of December 31, 2017. The interest rate for the year ended December 31, 2017 was 4.37%. Interest expense for the years ended December 31, 2018 and 2017 was $133,459 and $284,256, respectively.

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 March 1, 2015, the split in income derived from the securities lending activities is 80% and 20% 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 $2,709,340 and $3,245,198 earned by the Plan during the years ended December 31, 2018 and 2017, 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, 2018 and 2017, the fair value of securities loaned was $401,607,955 and $537,805,990, respectively, while the cash collateral held was $410,693,161 and $550,242,128, respectively.

The Plan has segregated securities on loan to third parties from other investments on the statements 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. 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.

Minimum annual rental and lease commitments under the leases at December 31, 2018 are as follows:

December 31,	2019	$ 706,699
	2020	731,434
	2021	757,034
	2022	783,530
	2023	199,824
		$ 3,178,522

Total rental expense was $637,269 for the years ended December 31, 2018 and 2017.

NOTE 15. 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 16. SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 3, 2019, which is the date the consolidated financial statements were available to be issued. This review and evaluation revealed no material event or transaction which would require adjustment or disclosure in the accompanying consolidated financial statements.

SUPPLEMENTAL INFORMATION

Sheet Metal Workers' National Pension Fund and its Subsidiary

Schedules of Investment Expenses

Years Ended December 31, 2018 and 2017

	2018	2017
Investment consulting fees and expenses		
Graystone	$ 2,150,881	$ 1,985,856
BNY Mellon	336,569	295,572
Zeno Consulting Group	32,500	32,500
Custodian fees		
BNY Mellon	223,934	192,472
Insurance contract administration charges and management fees	9,313	12,853
Investment manager fees	7,929,905	6,979,906
	$ 10,683,102	$ 9,499,159

Sheet Metal Workers' National Pension Fund and its Subsidiary

Schedules of Legal Fees and Expenses

Years Ended December 31, 2018 and 2017

	2018	2017
Slevin & Hart, P.C.	$ 306,629	$ 533,587
Jennings Sigmond	31,227	106,131
Jeffrey Dubin	22,601	54,864
Bredhoff & Kaiser PLLC	28,070	145,437
Mooney, Green, Saindon, Murphy & Welch	376,625	191,623
Others	111,754	159,859
	$ 876,906	$ 1,191,501

Sheet Metal Workers' National Pension Fund
and its Subsidiary

Schedules of Administrative Expenses

Years Ended December 31, 2018 and 2017

	2018	2017
Actuarial fees	$ 255,000	$ 255,000
Administrative charges - John Hancock	55,998	53,713
Audit and accounting fees	94,000	92,250
Bank charges	26,214	37,020
Computer processing	469,913	1,137,631
Consulting	611,453	623,541
Employee fringe benefits	1,280,110	1,271,448
Employer contributions compliance	773,437	975,259
Equipment rental and maintenance	26,582	22,644
Insurance	60,902	56,570
Legal fees and expenses	876,906	1,191,501
Local union collection service	-	99,141
Office supplies and expense	394,539	201,790
Office lease	637,269	637,269
Pension contribution	665,486	727,490
Postage/Mailing	363,690	345,601
Printing	51,424	85,570
Salaries	3,923,833	4,016,620
Reimbursement of legal costs	(106,725)	(151,389)
Seminars	8,918	15,499
Social Security Administration	18,000	3,028
Storage	11,914	13,649
Subscriptions and periodicals	30,533	21,967
Taxes - payroll	301,070	311,560
Taxes - other	16,127	21,984
Telephone	1,582	54,773
Third party administrative fees	10,895	8,418
Travel and meetings	66,879	46,247
Trustee liability insurance	557,296	526,542
Trustee meeting expense	6,482	16,334
	11,489,727	12,718,670
Less: administrative reimbursements from affiliated organizations	(1,805,506)	(1,731,174)
Total	$ 9,684,221	$ 10,987,496