

**ANNUAL FUNDING NOTICE
FOR
Int'l Assoc. of S.M.A.R.T. Workers Local Union 268 Pension Trust & Plan Agreement**

Introduction

This notice includes important information about the funding status of your multiemployer pension plan ("the Plan"). It also includes general information about the benefit payments guaranteed by the Pension Benefit Guaranty Corporation ("PBGC"), a federal insurance agency. All traditional pension plans (called "defined benefit pension plans") must provide this notice every year regardless of their funding status. This notice does not mean that the Plan is terminating. It is provided for informational purposes and you are not required to respond in any way. This notice is required by federal law. This notice is for the plan year beginning 06/01/2018 and ending 05/31/2019 (Plan Year).

How Well Funded Is Your Plan

The law requires the administrator of the Plan to tell you how well the Plan is funded, using a measure called the "funded percentage." The Plan divides its assets by its liabilities on the Valuation Date for the plan year to get this percentage. In general, the higher the percentage, the better funded the plan. The Plan's funded percentage for the Plan Year and each of the two preceding plan years is set forth in the chart below. The chart also states the value of the Plan's assets and liabilities for the same period.

Funded Percentage

	2018 Plan Year	2017 Plan Year	2016 Plan Year
Valuation Date	06/01/2018	06/01/2017	06/01/2016
Funded Percentage	93.85%	95.07%	98.82%
Value of Assets	\$37,009,592	\$34,851,443	\$33,106,129
Value of Liabilities	\$39,435,862	\$36,658,809	\$33,502,758

Year-End Fair Market Value of Assets

The asset values in the chart above are measured as of the Valuation Date. They are also "actuarial values". Actuarial values differ from market values in that they do not fluctuate daily based on changes in the stock or other markets. Actuarial values smooth out those fluctuations and can allow for more predictable levels of future contributions. Despite the fluctuations, market values tend to show a clearer picture of a plan's funded status at a given point in time. The asset values in the chart below are market values and are measured on the last day of the Plan Year. The chart also includes the year-end market value of the Plan's assets for each of the two preceding plan years.

	05/31/2019	05/31/2018	05/31/2017
Fair Market Value of Assets	\$40,847,159	\$39,990,903	\$36,606,138

Endangered, Critical or Critical and Declining Status

Under federal pension law, a plan generally is in "endangered" status if its funded percentage is less than 80 percent. A plan is in "critical" status if the funded percentage is less than 65 percent (other factors also apply). A plan is in "critical and declining" status if it is in critical status and is projected to become insolvent (run out of money to pay benefits) within 15 years (or within 20 years if a special rule applies). If a pension plan enters endangered status, the trustees of the plan are required to adopt a funding improvement plan. Similarly, if a pension plan enters critical status or critical and declining status, the trustees of the plan are required to adopt a rehabilitation plan. Funding improvement and rehabilitation plans establish steps and benchmarks for pension plans to improve their funding status over a specified period of time. The plan sponsor of a plan in critical and declining status may apply for approval to amend the plan to reduce current and future payment obligations to participants and beneficiaries.

The Plan was not in endangered, critical or critical and declining status in the Plan Year. If the Plan is in endangered, critical or critical and declining status for the plan year ending 05/31/2020, separate notification of that status has or will be provided.

Participant Information

The total number of participants and beneficiaries covered by the Plan on the valuation date was 812. Of this number, 363 were current employees, 304 were retired and receiving benefits, and 145 were retired or no longer working for the employer and have a right to future benefits.

Funding & Investment Policies

Every pension plan must have a procedure for establishing a funding policy for plan objectives. A funding policy relates to how much money is needed to pay promised benefits. The funding policy of the Plan is to provide for contributions to the plan in amounts that are estimated to fully provide all participating members benefits by the time they retire. Under the terms of the collective bargaining agreement, each sheet metal contractor employing member sheet metal workers contributes \$2.97 per each hour worked to the plan.

Pension plans also have investment policies. These generally are guidelines or general instructions for making investment management decisions. See the investment policy attached.

Under the Plan's investment policy, the Plan's assets were allocated among the following categories of investments, as of the end of the Plan Year. These allocations are percentages of total assets:

Asset Allocations	Percentage
1. Cash (Interest-bearing and non-interest bearing)	0.56%
2. U.S. Government securities	0.00%
3. Corporate debt instruments (other than employer securities):	
Preferred	0.00%
All other	0.00%
4. Corporate stocks (other than employer securities):	
Preferred	0.00%
Common	0.00%
5. Partnership/joint venture interests	0.00%
6. Real estate (other than employer real property)	0.00%
7. Loans (other than to participants)	0.00%
8. Participant loans	0.00%
9. Value of interest in common/collective trusts	9.55%
10. Value of interest in pooled separate accounts	8.91%
11. Value of interest in master trust investment accounts	0.00%
12. Value of interest in 103-12 investment entities	0.00%
13. Value of interest in registered investment companies (e.g., mutual funds)	46.58%
14. Value of funds held in insurance co. general account (unallocated contracts)	32.92%
15. Employer-related investments:	
Employer Securities	0.00%
Employer real property	0.00%
16. Buildings and other property used in plan operation	0.02%
Other	1.46%

For information about the plan's investment in any of the following types of investments as described in the chart above – common/collective trusts, pooled separate accounts, master trust investment accounts, or 103-12 investment entities – contact Jeff Bauer, who is a representative of the plan administrator at 2701 NORTH 89TH STREET, CASEYVILLE, IL 62232-2316 and phone number, 618-397-1443.

Right to Request a Copy of the Annual Report

Pension plans must file annual reports with the U.S. Department of Labor. The report is called the "Form 5500". These reports contain financial and other information. You may obtain an electronic copy of the plan's annual report by going to www.efast.dol.gov and using the Form 5500 search tool. Annual reports also are available from the U.S. Department of Labor, Employee Benefits Security Administration's Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, DC 20210, or by calling 202.693.8673. Or you may obtain a copy of the Plan's annual report by making a written request to the plan administrator. Annual reports do not contain personal information, such as the amount of your accrued benefits. You may contact your plan administrator if you want information about your accrued benefits. Your plan administrator is identified below under "Where To Get More Information."

Summary of Rules Governing Insolvent Plans

Federal law has a number of special rules that apply to financially troubled multiemployer plans that become insolvent, either as ongoing plan or plans terminated by mass withdrawal. The plan administrator is required by law to include a summary of these rules in the annual funding notice. A plan is insolvent for a plan year if its available financial

resources are not sufficient to pay benefits when due for that plan year. An insolvent plan must reduce benefits payments to the highest level that can be paid from the plan's available resources. If such resources are not enough to pay benefits at the level specified by law (See Benefit Payments Guaranteed by the PBGC, below) the plan must apply to the PBGC for financial assistance. The PBGC will loan the plan the amount necessary to pay benefits at the guaranteed level. Reduced benefits may be restored if the plan's financial condition improves.

A plan that becomes insolvent must provide prompt notice of its status to participants and beneficiaries, contributing employers, labor unions representing participants, and PBGC. In addition, participants and beneficiaries also must receive information regarding whether, and how, their benefits will be reduced or affected, including loss of a lump sum option. This information will be provided for each year the plan is insolvent.

Benefit Payments Guaranteed by the PBGC

The maximum benefit that the PBGC guarantees is set by law. Only benefits that you have earned a right to receive and that cannot be forfeited (called vested benefits) are guaranteed. There are separate insurance programs with different benefit guarantees and other provisions for single-employer and multiemployer plans. Your Plan is covered by the PBGC's multiemployer program. Specifically, the PBGC guarantees a monthly benefit payment equal to 100 percent of the first \$11 of the Plan's monthly benefit accrual rate, plus 75 percent of the next \$33 of the accrual rate, times each year of credited service. The PBGC's maximum guarantee, therefore, is \$35.75 per month times a participant's years of credited service.

Example 1: If a participant with 10 years of credited service has an accrued monthly benefit of \$600, the accrual rate for purposes of determining the PBGC guarantee would be determined by dividing the monthly benefit by the participant's years of service ($\$600/10$), which equals \$60. The guaranteed amount for a \$60 monthly accrual rate is equal to the sum of \$11 plus \$24.75 ($.75 \times \$33$), or \$35.75. Thus, the participant's guaranteed monthly benefit is \$357.50 ($\35.75×10).

Example 2: If the participant in Example 1 has an accrued monthly benefit of \$200, the accrual rate for purposes of determining the guarantee would be \$20 (or $\$200/10$). The guaranteed amount for a \$20 monthly accrual rate is equal to the sum of \$11 plus \$6.75 ($.75 \times \$9$), or \$17.75. Thus, the participant's guaranteed monthly benefit would be \$177.50 ($\17.75×10).

The PBGC guarantees pension benefits payable at normal retirement age and some early retirement benefits. In addition, the PBGC guarantees qualified preretirement survivor benefits (which are preretirement death benefits payable to the surviving spouse of a participant who dies before starting to receive benefit payments). In calculating a person's monthly payment, the PBGC will disregard any benefit increases that were made under the plan within 60 months before the earlier of the plan's termination or insolvency (or benefits that were in effect for less than 60 months at the time of termination or insolvency). Similarly, the PBGC does not guarantee benefits above the normal retirement benefit, disability benefits not in pay status, or non-pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay.

For additional information about the PBGC and the pension insurance program guarantees, go to the Multiemployer Page on the PBGC's website at www.pbgc.gov/multiemployer. Please contact your employer or plan administrator for specific information about your pension plan or pension benefit. PBGC does not have that information. See "Where to Get More Information About Your Plan," below.

Where to Get More Information

For more information about this notice, you may contact Jeff Bauer, at 2701 NORTH 89TH STREET, CASEYVILLE, IL 62232-2316 and phone number, 618-397-1443. For identification purposes, the official plan number is 001 and the plan sponsor's name and employer identification number or "EIN" are TRUSTEES OF THE INT'L S.M.A.R.T. WORKERS LOCAL UNION 268 PENSION TRUST and 37-0557803.

INTERNATIONAL ASSOCIATION OF S.M.A.R.T. WORKERS
LOCAL UNION 268 PENSION TRUST AND PLAN

INVESTMENT AND FUNDING POLICY
JUNE 2017

In keeping with our policy of regularly reviewing the Fund's financial status, investment performance and funding requirements, the Trustees of the International Association of S.M.A.R.T. Workers Local Union 268 Pension Trust and Plan ("Pension Plan") set forth below the current policy ("Policy") on these matters effective June, 2017.

1. **Purpose.** The assets of the Pension Plan are to be invested with the objective of achieving the greatest return consistent with the fiduciary character of the Fund, as a defined benefit plan, and to maintain a level of liquidity that is sufficient to meet the needs for the timely payment of benefits to pensioners.

2. **Asset Allocation and Investment Guidelines.** Ekon Advisors, LLC, in accordance with this Policy, is a §3(21) fiduciary advisor as defined by the Employee Retirement Income Security Act of 1974 (ERISA) with respect to the Pension Plan's investments. Ekon Advisors, LLC, will provide advice regarding establishment and modification of this Investment Policy Statement and the selection, allocation, and monitoring of fund alternatives. The first consideration of Ekon Advisors, LLC will be to achieve growth while minimizing risk with returns which exceed an actuarial rate of return of 7.0% (the Pension Plan's investment earnings assumption) required to fund projected benefits of the Pension Plan. To achieve these goals, the Pension Plan's portfolio will be optimized to achieve the actuarial rate of return of 7.0% pursuant to Ekon Advisors' investment review.

In directing the investment of the Pension Plan's portfolio, Ekon Advisors, LLC shall be subject to the following guidelines:

a. **Equities.** The target allocation investment range for equities is 50% to 70%. Ekon Advisors, LLC will recommend the investment percentages within this range, recommend the investments for this asset class, and recommend the asset allocation and investments for equity sub-classes (e.g., U.S. large capitalization value and growth, U.S. mid and small capitalization value and growth, International large and mid-capitalization, International small capitalization, and emerging markets).

b. **Fixed Income.** The target allocation investment range for fixed income is 30% to 50% which will include any allocation to Real Estate. Ekon Advisors, LLC will recommend the investment percentages within this range, recommend the investments for this asset class, and recommend the asset allocation and investments for fixed income sub-classes (e.g., U.S. and Global).

c. **Cash Reserves.** The target allocation investment range for cash is 0% to 1%. These should be held in bank accounts, money market funds and short-term investments. Amounts available on demand under guaranteed investment contracts for the payment of benefits may also be included in this calculation.

3. **Recommendations to Change Asset Allocation and/or Investment Guidelines.** If, at any time, Ekon Advisors, LLC believes that the Pension Plan's asset allocation and/or the investment guidelines set forth in this Policy are not prudent or are not in accordance with the goals of the Trustees, Ekon Advisors, LLC will immediately notify the Trustees of its recommendation(s).

4. **Investment Benchmarks.** Over rolling three- and five-year periods, investment returns (net of fees) are expected to be competitive with, or exceed, their comparative benchmark index performance. Each investment's standard deviation of returns will be compared relative to their benchmark's volatility and a comparative peer universe (for investment strategies where an appropriate peer universe is available). Additionally, traditional managers' returns will be measured versus a comparative peer universe (where appropriate). Each investment's comparative benchmark index will be set forth in Ekon Advisors', LLC quarterly performance reports.

5. **Reporting.** At least quarterly, Ekon Advisors, LLC will report to the Trustees the actual returns relative to the Policy Index at the total portfolio level and the investment manager's actual returns will be compared to their comparative benchmark.

6. **Cash Flow.** Ekon Advisors, LLC will recommend investments to be liquidated while maintaining the investment targets as outlined above.

7. **Review of Funding and Investment Policy.** This Policy shall be reviewed periodically by the Trustees.

APPENDIX A – JUNE, 2017 ASSET ALLOCATION

INTERNATIONAL ASSOCIATION OF S.M.A.R.T. WORKERS						
LOCAL UNION 268 PENSION TRUST AND PLAN						
Target Allocations and Minimum/Maximum Ranges						
	<<< Suggested Policy >>>			<<< Prior Policy >>>		
	Minimum	Maximum	Target	Minimum	Maximum	Midpoint
Cash	0.00%	1.00%	1.00%	0.00%	20.00%	10.00%
Guaranteed	14.00%	20.00%	17.00%	50.00%	90.00%	70.00%
US Bonds				0.00%	30.00%	15.00%
US High Yield/Income	4.00%	10.00%	7.00%	0.00%	0.00%	0.00%
Foreign Bonds	2.00%	4.00%	3.00%	0.00%	0.00%	0.00%
Total Fixed	20.00%	35.00%	28.00%	50.00%	140.00%	95.00%
Real Estate	5.00%	15.00%	12.00%	0.00%	0.00%	0.00%
Total Real Estate	5.00%	15.00%	12.00%	0.00%	0.00%	0.00%
Total Large Cap US	20.00%	30.00%	27.00%	0.00%	50.00%	25.00%
Total Md/Small	15.00%	20.00%	18.00%	0.00%	0.00%	0.00%
Total US Equities	35.00%	50.00%	45.00%	0.00%	50.00%	25.00%
Foreign Large	5.00%	15.00%	8.00%	0.00%	0.00%	0.00%
Emerging Markets	3.00%	10.00%	7.00%	0.00%	0.00%	0.00%
Total Foreign Equities	8.00%	25.00%	15.00%	0.00%	0.00%	0.00%
Total Equities	45.00%	70.00%	60.00%	0.00%	50.00%	25.00%