TEAMSTERS PENSION TRUST FUND OF PHILADELPHIA AND VICINITY

Financial Statements

For the Years Ended December 31, 2017 and 2016

With Report of Independent Auditors

withum

AUDIT TAX ADVISORY

Teamsters Pension Trust Fund of Philadelphia and Vicinity
For the Years Ended December 31, 2017 and 2016

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AUDIT TAX ADVISORY

REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees
Teamsters Pension Trust Fund of
Philadelphia and Vicinity

Report on the Financial Statements

We have audited the accompanying financial statements of Teamsters Pension Trust Fund of Philadelphia and Vicinity (the Fund), which comprise the statement of net assets available for benefits as of December 31, 2017 and the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

The Fund's management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 financial statements.

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, information regarding the Teamsters Pension Trust Fund of Philadelphia and Vicinity's net assets available for benefits as of December 31, 2017, and the changes therein for the year then ended, and its accumulated benefit obligations as of December 31, 2016, and the changes therein for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matter – December 31, 2016 Financial Statements

The financial statements of Teamsters Pension Trust Fund of Philadelphia and Vicinity for the year ended December 31, 2016 were audited by Bond Beebe, PC, who joined WithumSmith+Brown, PC effective September 1, 2017, and they expressed an unmodified opinion on the statements in their report dated August 9, 2017. No auditing procedures have been performed with respect to the December 31, 2016 financial statements since that date.

WithumSmith+Brown, PC

Bethesda, MD
August 8, 2018

Teamsters Pension Trust Fund of Philadelphia and Vicinity
Statements of Net Assets Available for Benefits
December 31, 2017 and 2016

	2017	2016
ASSETS		
Investments - at fair value	$ 1,722,130,650	$ 1,501,101,847
Investments on loan under securities lending agreement		
Corporate stocks	3,248,963	2,263,108
Corporate bonds	316,309	199,537
Total investments on loan under securities lending agreement	3,565,272	2,462,645
Total investments - at fair value	1,725,695,922	1,503,564,492
Securities lending collateral received as cash and invested	3,667,271	2,532,275
Receivables		
Employers' contributions	11,785,052	10,921,961
Participants' contributions	45,952	46,905
Interest and dividends	5,309,518	1,452,100
Due from broker for investments sold	2,305,620	21,651,760
Total receivables	19,446,142	34,072,726
Cash and cash equivalents	20,169,051	73,630,475
Other assets	95,992	88,456
TOTAL ASSETS	1,769,074,378	1,613,888,424
LIABILITIES		
Accounts payable and accrued expenses	1,304,658	1,129,201
Due to broker for investments purchased	16,649,554	31,184,622
Due to Administrative Service Professionals, Inc. (ASP)	223,088	-
Obligation to refund collateral received as cash	3,667,271	2,532,275
TOTAL LIABILITIES	21,844,571	34,846,098
NET ASSETS AVAILABLE FOR BENEFITS	$ 1,747,229,807	$ 1,579,042,326

See Notes to Financial Statements.

Teamsters Pension Trust Fund of Philadelphia and Vicinity
Statements of Changes in Net Assets Available for Benefits
For the Years Ended December 31, 2017 and 2016

	2017	2016
ADDITIONS		
Investment income		
Net appreciation in fair value of investments	$ 217,484,995	$ 76,116,117
Interest and dividends	27,532,072	29,748,303
Securities lending income	128,268	85,044
	245,145,335	105,949,464
Investment expenses	(7,297,289)	(6,060,120)
Total investment income	237,848,046	99,889,344
Contributions		
Employers	115,466,873	108,970,308
Participants	620,376	648,634
Withdrawal liability	8,234,471	6,578,980
Total contributions	124,321,720	116,197,922
Other income	42,363	380,423
TOTAL ADDITIONS	362,212,129	216,467,689
DEDUCTIONS		
Benefits paid	190,576,401	185,701,919
Administrative expenses	3,448,247	3,322,656
TOTAL DEDUCTIONS	194,024,648	189,024,575
NET INCREASE	168,187,481	27,443,114
NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR	1,579,042,326	1,551,599,212
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	$ 1,747,229,807	$ 1,579,042,326

See Notes to Financial Statements.

1. PLAN DESCRIPTION AND FUNDING

The Teamsters Pension Trust Fund of Philadelphia and Vicinity (the Fund) is a multiemployer defined benefit pension plan covering all eligible employees working for employers who have a collective bargaining agreement with a local union which is party to the Fund and, further, the employers have agreed to make contributions to the Fund on the employees' behalf. The Fund provides normal and early retirement benefits and spousal and disability benefits if an employee terminates after meeting certain service requirements. In the event of termination of the Fund, the funds shall be allocated in accordance with priorities established by the Pension Benefit Guaranty Corporation (PBGC).

Information about the Fund, including funding policy, vesting and benefit provisions and the PBGC's benefit guarantee is contained in the Summary Plan Description. Copies are available from the Plan Administrator.

On March 31, 2017 and March 30, 2016, the Fund's actuary certified that for the Fund's years beginning January 1, 2017 and January 1, 2016, respectively, the Fund was in endangered status (yellow zone) under the Pension Protection Act of 2006. Fund management has adopted a funding improvement plan pursuant to IRC section 432(c).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting
The financial statements have been prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the determination of the actuarial present value of accumulated plan benefits at the date of the financial statements and changes therein during the reporting period. Actual results could differ from those estimates.

Cash Equivalents
Demand deposits and highly liquid investments with a maturity of three months or less when acquired, are considered cash equivalents.

Investment Valuation and Income Recognition
Investments are presented 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. Investment policies have been established by management of the Fund. Although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methods could result in a different fair value measurement at the reporting date. The changes in the difference between the fair value and the cost of investments and the realized gain (loss) on sale of investments are reflected in the statements of changes in net assets available for benefits as net appreciation (depreciation) in fair value of investments. Investment transactions are recognized as of the trade date and the cost of investments sold is determined on a weighted average basis. Interest income is recorded on the accrual basis and dividend income is recognized as of the ex-dividend date.

Contributions from Employers
These amounts are based upon remittance reports filed by the employers. Contributions receivable at year end are substantially determined from employer remittance reports received subsequent to year end, but which cover hours worked during the respective years.

The Trustees have established a policy requiring audits of the payroll records of covered employers who are selected by random sampling and judgmental methods. These audits are conducted on covered employers' payroll records based upon reports filed with the Fund for the calendar year prior to the audit date. These audits are in addition to the Fund's normal verification procedures applied to contributions reports filed for the current year. Contributions related to payroll audit findings are recorded when received.

Effective January 31, 2014, the Fund reached an agreement with several delinquent employers on a payment agreement to recover delinquent contributions of $1,578,368. These delinquent contributions will accrue interest at 7.75% and will be paid on December 31, 2019.

Management believes all contributions receivable are collectible and no allowance for uncollectible accounts has been provided.

Actuarial Present Value of Accumulated Plan Benefits
Accumulated plan benefits are those estimated future periodic payments that are attributable to covered services accrued by a participant to the valuation date. Accumulated plan benefits include benefits expected to be paid to (a) retired or vested terminated employees (members) or their beneficiaries, and (b) present members or vested beneficiaries. Benefits for retired or vested terminated employees or their beneficiaries are based on plan provisions in effect at the date of termination and reflect employees' years of credited service. The accumulated plan benefits for active employees reflect current plan provisions and years of credited service prior to the valuation date. For benefit accrual purposes, after January 1, 1976, members receive a full year's credit if they are credited with at least 1,800 hours of covered service and a prorated credit if they are credited with at least 750 hours but less than 1,800 hours of service. They receive no credit for less than 750 hours of service. Benefits payable under all circumstances - retirement, death, disability and termination - are included to the extent they are deemed attributable to member-covered service rendered to the valuation date.

Employers' Withdrawal Liability
The Fund complies with provisions of the Multiemployer Pension Plan Amendments Act of 1980 that require imposition of "Withdrawal Liability" on a contributing employer that partially or totally withdraws from the Fund. The Trustees adopted the presumptive method set forth in ERISA Section 4211(b), to allocate potential employers' liabilities. Due to historical collections of withdrawal liability and determination of when the Fund is entitled to the monies, revenue from withdrawal liability is recorded when payments are received.

Recognition of Benefits
Benefits are recognized when paid.

Subsequent Events
In preparing these financial statements, management of the Fund has evaluated events and transactions that occurred after December 31, 2017 for potential recognition or disclosure in the financial statements. These events and transactions were evaluated through August 8, 2018, the date that the financial statements were available to be issued, and no items have come to the attention of management that require recognition or disclosure.

3. ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS

The Fund's actuary estimates the actuarial present value of accumulated plan benefits, which is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits earned by the participants to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal or retirement) between the valuation date and the expected date of payment.

As of December 31, 2016, the actuarial present value of accumulated plan benefits is as follows:

Actuarial present value of accumulated plan benefits	
Vested benefits	
Participants currently receiving payments	$ 1,491,232,015
Other participants	766,533,242
	2,257,765,257
Nonvested benefits	85,283,361
Total actuarial present value of accumulated plan benefits - December 31, 2016	$ 2,343,048,618

The change in the actuarial present value of accumulated plan benefits for the year ended December 31, 2016 is as follows:

Actuarial present value of accumulated plan benefits at January 1, 2016	$2,338,062,248
Increase (decrease) attributable to	
Benefits paid	(185,701,919)
Interest	168,390,847
Actuarial experience and accumulation of benefits	22,297,442
	4,986,370
Actuarial present value of accumulated plan benefits - December 31, 2016	$2,343,048,618

The significant assumptions underlying the actuarial computations are as follows:

- Actuarial cost method - The Unit Credit Actuarial Cost Method was used to determine the actuarial present value of accumulated plan benefits (both vested and nonvested).
- Investment return - 7.5% (net of investment-related administrative expenses).
- Administrative expenses - Assumed equal to the average of the last two years of actual expenses (rounded to nearest $100,000).
- Salary increases – None
- Mortality rates:
    - Active and terminated vested participants (pre-retirement) - RP-2000 non-annuitant mortality with blue collar adjustments projected to 2015 using Scale BB with ages set forward four years (separate tables for males and females).
    - Healthy retirees and beneficiaries (post-retirement) - RP-2000 annuitant mortality with blue collar adjustments projected to 2015 using Scale BB with ages set forward four years and with separate tables for males and females.
    - Disabled participants - RP-2000 disabled mortality projected to 2015 using Scale BB (separate tables for males and females).

- Termination rates:

  Rates of termination (for reasons other than death, disability, or retirement) were assumed to vary among three groups: (1) UPS, (2) other multiplier members, and (3) non-multiplier members. Within each group, rates were assumed to vary according to length of service. Sample termination rates are shown below:

Years of service	UPS	Multiplier	Non-Multiplier
0 – 1	28.0%	40.0%	65.0%
1 – 2	7.0%	19.0%	19.0%
2 – 3	7.0%	17.0%	15.0%
3 – 4	7.0%	11.0%	9.0%
4 – 5	4.0%	11.0%	9.0%
5 – 7	4.0%	10.0%	9.0%
7 – 10	3.0%	10.0%	9.0%
10 or more	1.0%	6.0%	8.0%

- Retirement rates - The rate of retirement for active members eligible to retire was assumed to vary by age and service. For members who are either 65 years of age and have accrued 5 years or more of vesting service or 55 years of age and have accrued 25 years or more of benefit service, the retirement rates are as follows:

Age	Rate of Retirement
55 - 60	12%
661	25%
62	35%
63 - 64	25%
65	35%
66 - 69	30%
70 and older	100%

  For all other members, the retirement rates are as follows:

Age	Rate of Retirement
50 - 54	4%
55 - 60	6%
61	15%
62 - 64	25%

- Marital status - Probability of marriage from Social Security projections used. A spouse is assumed to be three years younger for a male participant and three years older for a female participant.

The actuarial assumptions are based on the presumption that the Fund will continue. Were the Fund to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits. The actuary reported that the Fund met the minimum funding standards as of January 1, 2017. The computations of the actuarial present value of accumulated plan benefits were made as of January 1, 2017. Had the valuation been performed as of December 31, 2016, there would be no material difference.

4. TAX STATUS

The Fund obtained its latest determination letter dated May 31, 2016, in which the Internal Revenue Service stated that the Fund, as then designed, was qualified under Section 401(a) of the Internal Revenue Code (IRC) and, therefore, the related trust was exempt from taxation. Once qualified, the Fund is required to operate in conformity with the IRC to maintain its qualification. Management believes the Fund is being operated in compliance with the applicable requirements of the IRC and, therefore, believes that the Fund was qualified and the related trust was exempt from income tax, as of the financial statement date. However, the Fund is subject to income tax on unrelated business income. For the years ended December 31, 2017 and 2016, the Fund did not earn any unrelated business income.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Fund, and has concluded that as of December 31, 2017, there are no uncertain positions taken or expected to be taken that would require recognition in the financial statements. The Fund is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods. In addition, there have been no tax related interest or penalties for the periods presented in these financial statements.

5. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a 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 are described as follows:

Level 1
Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2
Inputs are quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Valuation methodologies used to determine the fair value of investments are determined as follows:

- Corporate stocks, mutual funds, and certain U.S. government and agency securities are valued based on quoted market prices.
- Certain U.S. government and agency securities, corporate and other bonds, certain other investments, and investments of securities lending collateral, are valued using quoted prices of like assets, corroborated market data, indices and/or yield curves.
- Forward contracts are traded on the OTC market. The fair value of forward contracts is determined using observable inputs, such as currency exchange rates or commodity prices, applied to notional amounts stated in the applicable contracts. Forward contracts are generally categorized in level 2 of the fair value hierarchy.

- Cash equivalents and money market funds are valued at cost, which approximates fair value.
- Real estate is valued at fair value based on an independent appraisal.
- Real estate equity funds, investment funds and certain other investments (including common collective trusts, hedge funds, fund of funds and other alternative investments) that are not publicly traded are valued based on the net asset value of the underlying investments of the fund or trust and are excluded from the hierarchy table but shown for reconciliation to the statements of net assets available for benefits.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. There have been no changes in the methodology used at December 31, 2017 and 2016. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period. For the year ended December 31, 2017, there were no transfers in or out of Levels 1, 2 or 3.

As of December 31, 2017 and 2016, assets measured at fair value on a recurring basis are summarized by level within the fair value hierarchy as follows:

	2017			
	Level 1	Level 2	Level 3	Total Fair Value
Corporate and other bonds	$ -	$ 57,546,385	$ -	$ 57,546,385
Corporate stocks	449,649,391	-	-	449,649,391
Money market funds	-	17,329,730	-	17,329,730
Mutual funds	649,725,390	-	-	649,725,390
U.S. government and agency securities	20,325,377	48,715,544	-	69,040,921
Other investments and derivatives	-	59,180,501	-	59,180,501
Total investments in the fair value hierarchy	1,119,700,158	182,772,160	-	1,302,472,318
Investments measured at net asset value				423,223,604
Investments at fair value	1,119,700,158	182,772,160	-	1,725,695,922
Securities lending collateral received as cash and invested	-	3,667,271	-	3,667,271
Cash equivalents	-	2,801,793	-	2,801,793
Total assets measured at fair value	$ 1,119,700,158	$ 189,241,224	$ -	$ 1,732,164,986

	2016			
	Level 1	Level 2	Level 3	Total Fair Value
Corporate and other bonds	$ -	$ 60,785,995	$ -	$ 60,785,995
Corporate stocks	369,088,980	-	-	369,088,980
Money market funds	-	17,848,520	-	17,848,520
Mutual funds	624,528,425	-	-	624,528,425
Real estate	-	-	2,622,000	2,622,000
U.S. government and agency securities	14,215,371	41,313,240	-	55,528,611
Other investments	-	57,539,261	-	57,539,261
Total investments in the fair value hierarchy	1,007,832,776	177,487,016	2,622,000	1,187,941,792
Investments measured at net asset value				315,622,700
Investments at fair value	1,007,832,776	177,487,016	2,622,000	1,503,564,492
Securities lending collateral received as cash and invested	-	2,532,275	-	2,532,275
Cash equivalents	-	57,094,328	-	57,094,328
Total assets measured at fair value	$ 1,007,832,776	$ 237,113,619	$ 2,622,000	$ 1,563,191,095

Investment policies, guidelines and procedures have been established by the Trustees of the Fund and may be modified or amended only at the direction of the Trustees. In establishing and determining the reasonableness of investment valuations, the Fund enlists the assistance of independent appraisers, fiduciaries and investment managers who review the performance of investments to ensure adherence to those policies, guidelines and procedures.

Investments are monitored by management, as assisted by the Fund's independent fiduciary, to review pricing models and methodologies, to analyze changes in fair value from period to period, to report valuations and changes in valuations to the Trustees and to verify compliance with the presentation of investments in accordance with generally accepted accounting principles.

The fair values as of December 31, 2017 and 2016 of the following investments have been determined using the net asset value per unit of the investment:

	2017		2016	
	Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments
Multi-strategy hedge funds				
BPIF Non-Taxable L.P. (a)	$ 15,005,568	$ -	$ 14,065,299	-
Blackstone Park Avenue Non-Taxable Fund L.P. (b)	15,316,803	-	14,360,009	-
Meridian Capital Fund, Ltd. (c)	4,103,448	-	7,735,659	-
	34,425,819	-	36,160,967	-
Real estate funds				
GMAM (d)	33,633,177	5,229,067	35,102,663	9,255,655
International fund				
Sprucegrove US International Pooled Fund (e)	113,975,817	-	89,084,718	-
Fixed income funds				
Alliance Bernstein Securitized Asset Securities (f)	59,929,531	-	52,360,521	-
EB Opportunistic Fixed Income Fund (g)	15,131,154	-	14,369,703	-
	75,060,685	-	66,730,224	-
Limited partnerships				
Boyd Watterson GSA Fund, LP (h)	25,902,920	-	10,564,369	-
DCM Private Equity Fund IV, LLC (i)	11,318,690	18,399,817	5,001,352	23,784,269
Siguler Guff Trade Finance Opportunities Fund, LP (j)	13,626,983	17,887	10,624,402	4,495,291
Siguler Guff Secondary Opportunities Fund (k)	3,576,839	5,509,211	1,362,708	6,471,250
Siguler Guff Energy Mezzanine Co-Investment Fund (l)	20,296,812	660,256	6,963,238	13,000,000
Siguler Guff Small Buyout Opportunities Fund III (m)	4,847,973	10,529,081	-	-
Siguler Guff SG Delta Energy Co-Investment Fund, LP (n)	3,799,580	16,110,000	-	-
EJF Sidecar Fund Small Financial Equities LTD (o)	6,631,451	13,600,000	-	-
EB DV Large Cap Growth Stock Index Fund (p)	68,213,774	-	48,538,982	-
EB DV Small Cap Growth Stock Index Fund (q)	7,913,084	-	5,489,077	-
	166,128,106	64,826,252	88,544,128	47,750,810
	$ 423,223,604	$ 70,055,319	$ 315,622,700	$ 57,006,465

a) Includes investments in a master fund. Withdrawal requests must be received at least 90 days prior to a withdrawal date in the case of Class A interests, 60 days prior to a withdrawal date in the case of Class B interests or 95 days prior to a withdrawal date in the case of Class C interests, Class E Interest or Class F interests, following the first anniversary date of its initial contribution. The general partner, in its discretion, may restrict the withdrawal.

b) Includes investments in a master fund. Withdrawals are permitted annually with 95-days notice, following the first anniversary date of its initial contribution. The general partner, in its discretion, may restrict the withdrawal.

c) The fund engages principally in a diversified investment strategy utilizing a multi-manager approach to invest in securities. Redemption is not allowed for this investment.

d) Includes investments in real estate properties and real estate limited partnerships, that invest in U.S. and international real estate. The underlying assets are expected to be liquidated by the investees over a period of 1 to more than 10 years. Distributions from each investment are made periodically and consist of excess operating cash flows, refinancing proceeds and returns of capital.

e) Includes investments in short-term investment funds and securities traded on public exchanges. Redemptions and subscriptions are done monthly.

f) Includes investments in a wide array of mortgage-backed securities, originated primarily in U.S. markets. Redemptions are done quarterly with 90 days notice. General Partner may limit withdrawals so they do not exceed 25% of assets.

g) Includes investments in fixed income securities. The return objective of the fund is to provide returns 300 to 500 basis points above the 3-Month LIBOR after fees over a full market cycle. Redemptions require written notice to the Trustee of the fund prior to 2:00 p.m. (ET) on the valuation date and in accordance with the procedures established by the Trustee. The fund reserves the right to suspend the offering of or redemption of units for a period of time, require in kind distributions, reject any purchase order or postpone payment dates if in the Trustee's opinion such offering, redemption, purchase or payment would disrupt the management of the fund.

h) Includes investments in real estate assets that are 100% leased to Federal Agencies for remaining terms of at least seven years on a weighted average basis in length. Withdrawals are permitted on a quarterly basis at the NAV per unit as of the last day of the applicable calendar quarter less any applicable redemption fees with 60-days notice.

i) Includes investments in Private Equity Partnerships, Co-Investment Entities, and Secondary Investments in order to provide capital appreciation to members. No member shall have any right to withdraw from the fund and the fund shall continue until the later of (i) the tenth anniversary of the last day of Commitment Period and (ii) the first anniversary of the date on which each Private Equity Investment has liquidated its assets or has otherwise been disposed of and no distribution received by the fund remains subject to recall by any Private Equity Investment.

j) The partnership invests directly or indirectly (through a Joint Venture) in a Trade Finance Transaction or a Related Transaction, hedging instruments, and Temporary Investments, with a primary focus on investments in trade finance regulatory capital transactions. No partner shall have any right to withdraw from the partnership without the express written consent of the General Partner, which may be withheld in its sole discretion.

k) The partnership invests substantially all of its investable assets in a limited partnership interest in the Master Fund which invests directly or indirectly in a portfolio of underlying companies, securities, derivative instruments or in an operating company or other business organization. The investments do not allow redemptions until the term of the Master Fund expires on September 22, 2025.

l) The partnership invests in assets in limited liability company interests in SG Energy Mezzanine Co-Investment Holdings, LLC. There are no restrictions on redemption of this investment.

m) The partnership invests in pooled investment vehicles managed by investment managers and Direct Investments primarily focused on buyout, recapitalization, and growth equity transactions. Portfolio investments typically involve direct or indirect securities of private companies doing business in the United States and Canada generally with less than $150 million of revenue and $15 million of EBITDA. Redemption is not allowed for this investment.

n) The partnership executes its investment strategy by investing its assets in special purpose vehicles managed by the Manager, each of which have been established to invest in Dienerian Resources Inc., any corporate successor thereto, or any entity formed to facilitate any investment in or relating to Dienerian to finance the drilling, completion and equipping of wells owned by Dienerian on land owned by Dienerian. There are no restrictions on redemption of this investment.

o) This fund invests substantially all of its assets through a master-feeder structure in EJF Sidecare Fund, Series LLC – Small Financial Equities Series. Redemption is not allowed for this investment.

p) The objective of this fund is to track the performance of the Russell 1000 Growth Index by investing in securities and a combination of other collective funds. Redemption requires written notice one business day prior to the business day that has been established for the purpose of admission and withdrawal for cash contributions or cash withdrawals.

q) The objective of the fund is to track the performance of the Russell 2000 Growth Index by investing in securities and a combination of other collective funds. Redemption requires written notice one business day prior to the business day that has been established for the purpose of admission and withdrawal for cash contributions or cash withdrawals.

6. DERIVATIVES

Derivatives are financial arrangements or instruments, such as futures contracts, forward currency contracts, and swaps or option contracts, whose values are dependent upon or derived from one or more underlying assets. Underlying assets may include stocks, bonds, commodities, currencies, interest rates and market indexes. The derivatives themselves are contracts between two or more parties based upon the underlying asset. The Fund utilizes derivative financial instruments in connection with its investment activities as they provide a flexible and low-cost way to structure portfolios, manage interest and foreign exchange rate risk, and capture market mispricing. Investments in derivative contracts are subject to additional risks that can result in the loss of all or part of an investment. The Fund's derivative activity and exposure to derivative contracts are classified by the primary underlying risks: interest rate, credit, foreign currency exchange rate, and equity and debt price risks.

All changes in the values of derivatives are settled on a regular basis, usually daily. This daily settlement process acts to ensure performance of all parties to the investment contracts and mitigates credit risk. The Fund records its derivative activities at fair value. Gains and losses from derivatives are included in net appreciation in fair value of investments on the statements of changes in net assets available for benefits.

Forward Contracts
The Fund enters into forward contracts to hedge itself against foreign currency exchange rate risk for its foreign currency denominated assets and liabilities due to adverse foreign currency fluctuations against the U.S. dollar. When entering into a forward currency contract, the Fund agrees to receive or deliver a fixed quantity of foreign currency for an agreed-upon price on an agreed future date. As of December 31, 2017, the Fund held forward currency contract positions. The fair value of the forward currency contracts is included in other investments and derivatives on the Fund's statements of net assets available for benefits and fair value hierarchy table. The Fund may be required to post collateral on derivatives if the Fund is in a net liability position with the counterparty exceeding certain amounts. Additionally, counterparties may immediately terminate derivatives contracts if the Fund fails to maintain sufficient asset coverage for its contracts or its net assets decline by stated percentages.

Swap Contracts
The Fund enters into various swap contracts, including interest rate swaps and credit default swaps as part of its investment strategies to hedge against unfavorable changes in the value of investments and to protect against adverse movements in interest rates or credit performance with counterparties. Generally, a swap contract is an agreement that obligates two parties to exchange a series of cash flows at specified intervals based upon or calculated by reference to changes in specified prices or rates for a specified notional amount of the underlying assets. The payment flows are usually netted against each other, with the difference being paid by one party to the other. As of December 31, 2016, the Fund held equity swap positions. In the event of default of the underlying security, the Fund would be required to pay the counterparty par and would receive the defaulted security.

At December 31, 2016, the volume of the Fund's swap contract activities based on their notional amounts (a) and number of contracts, categorized by primary underlying risk, are as follows:

	Long Exposure		Short Exposure	
Primary Underlying Risk	Notional Amounts	Number of Contracts	Notional Amounts	Number of Contracts
Equity and debt price				
Equity swaps	$ 155,281,216	$ 2,370	$ 157,601,769	$ 2,278

a) Notional amounts are presented net of identical offsetting derivative contracts.
b) The Fund did not hold equity swap positions in 2017.

The following table identifies the fair value of derivative instruments included in the statements of net assets available for benefits in investments held and included in other investments in Note 5:

	2017		2016	
Primary Underlying Risk	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities
Equity and debt price				
Forward currency contracts	$ 4,956,056	$ 4,997,494	$ -	$ -
Swap futures contracts	-	-	56,648,811	54,312,871
	$ 4,956,056	$ 4,997,494	$ 56,648,811	$ 54,312,871

During the years ended December 31, 2017, and 2016, the Fund recognized net appreciation (depreciation) from derivative instruments of $141,327 and $(8,151,680), respectively, which is included in net appreciation in fair value of investments on the statements of changes in net assets available for benefits and categorized by primary underlying risk as follows:

	2017	2016
Primary Underlying Risk	Gains (Losses)	Gains (Losses)
Equity and debt price		
Forward currency contracts	$ 141,327	$ -
Equity swaps	-	(8,151,680)
	$ 141,327	$ (8,151,680)

7. RISKS AND UNCERTAINTIES

The Fund 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 these securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits.

Financial instruments that subject the Fund to concentrations of credit risk include cash which is deposited in financial institutions. While the Fund attempts to limit its financial exposure, its deposit balances with financial institutions may, at times, exceed the limits insured by agencies of the U.S. government. The Fund has not experienced, and management does not anticipate experiencing any credit losses on such deposits.

Fund contributions are determined and the actuarial present values of benefit obligations are reported based on certain assumptions pertaining to interest rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term could materially affect the amounts reported and disclosed in the financial statements.

8. RELATED PARTY TRANSACTIONS

The Fund and the Teamsters Health and Welfare Fund of Philadelphia and Vicinity (the Health and Welfare Fund) maintain a corporation known as Administrative Service Professionals, Inc. (ASP). The Fund owns twenty-eight percent of ASP. ASP provides administrative services to the Fund for a negotiated fixed amount, based upon the number of members. During 2017 and 2016, the Fund paid ASP $1,982,000 and $1,872,000, respectively, which is included in administrative expenses. As of December 31, 2017 and 2016, the Fund owed ASP $223,088 and $0, respectively.

9. SECURITIES LENDING PROGRAM

The Trustees of the Fund have entered into an agreement with the bank that acts as custodian for the Fund's investments, which authorizes the bank to lend securities held in the Fund'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 and the value of collateral obtained must be at least 102% of the value of securities loaned. Both the collateral and the securities loaned are marked-to-market on a daily basis so that at least 102% of the value of the loaned securities has been received from the borrower. In the event that the loaned securities are not returned by the borrower, the bank will, at its own expense, either replace the loaned securities or, if unable to purchase those securities on the open market, credit the Fund's accounts with cash equal to the market value of the loaned securities. Once cash collateral is received by the custodian bank, it is invested and the investments are subject to market and credit risk. The custodial bank is not responsible for any losses on invested collateral.

Although the Fund's securities lending activities are collateralized as described above, and although the terms of the securities lending agreement with the custodial bank require the bank 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 risks. In this context, market risk refers to the possibility that the borrowers 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 Fund's securities may be subject to unfavorable market fluctuations. Credit risk refers to the possibility that counter-parties involved in the securities lending program may fail to perform in accordance with the terms of their contracts. To date, the Fund has experienced no material losses in connection with the securities lending program.

At December 31, 2017 and 2016, respectively, the collateral received for loaned securities was as follows:

	2017	2016
Received as cash and invested	$ 3,667,271	$ 2,532,275

In order to present the statements of net assets available for benefits in accordance with accounting principles generally accepted in the United States of America, the fair value of loaned securities is separately identified, the value of investments of cash received as collateral is reflected as an asset and the obligation to refund the cash collateral received is reflected as a liability.

The custodial bank is authorized to invest and reinvest, on behalf of the Fund, any and all cash collateral in one or more investment vehicles approved in the agreement. By contract, a large portion of earnings from the cash collateral is rebated from the borrower of the securities and the balance of the earnings is divided between the custodial bank and the Fund. Shortfalls arising from these investment activities are solely the responsibility of the Fund. Income earned by the Fund during 2017 and 2016 reported in the statements of changes in net assets available for benefits was $128,267 and $85,044, respectively, in connection with the securities lending program. The income earned was determined as follows:

	2017	2016
Gross earnings on collateral	$ 34,791	$ 16,590
Rebate from securities borrower	162,435	128,811
Net earnings on collateral	197,226	145,401
Fees paid to custodial bank	68,958	60,357
Net earnings by the Fund	$ 128,268	$ 85,044

SUPPLEMENTARY INFORMATION

withum
AUDIT TAX ADVISORY

REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

The Board of Trustees
Teamsters Pension Trust Fund of
Philadelphia and Vicinity

We have audited the financial statements of Teamsters Pension Trust Fund of Philadelphia and Vicinity as of and for the year ended December 31, 2017, and our report thereon dated August 8, 2018 which expressed an unmodified opinion on those financial statements, appears on pages 1 - 2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of professional fees and administrative expenses for the year ended December 31, 2017 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

The accompanying schedule of professional fees and administrative expenses for the year ended December 31, 2016 was subjected to the auditing procedures applied in the audit of the financial statements for the year ended December 31, 2016 by Bond Beebe, PC, who joined WithumSmith+Brown, PC effective September 1, 2017, and their report on such information, dated August 9, 2017, stated that it was fairly stated in all material respects in relation to the 2016 financial statements as a whole.

WithumSmith+Brown, PC

Bethesda, MD
August 8, 2018

WithumSmith+Brown, PC 4600 East West Highway, Suite 900, Bethesda, Maryland 20814-3423 T (301) 272 6000 F (301) 272 6100 withum.com

Teamsters Pension Trust Fund of Philadelphia and Vicinity
Schedules of Professional Fees and Administrative Expenses
For the Years Ended December 31, 2017 and 2016

	2017	2016
ADMINISTRATION EXPENSES		
Actuarial and consulting	$ 223,922	$ 220,170
Administrator fee - ASP	2,205,088	1,872,000
Auditing and accounting	55,700	55,900
Data processing equipment rental and supplies	7,427	7,279
Dues and subscriptions	825	575
Educational conferences and trustee meetings	29,223	28,992
Employment verification	8,872	2,616
General office	3,031	3,610
Insurance	796,383	763,594
Legal	182,631	160,452
Payroll audit - legal services	(101,920)	173,920
Postage	28,747	27,683
Printing	8,318	5,865
	$ 3,448,247	$ 3,322,656

See Report of Independent Auditors on Supplementary Information.