TEAMSTERS PENSION TRUST FUND OF PHILADELPHIA AND VICINITY
Financial Statements
December 31, 2018 and 2017
With Independent Auditors' Report

withum
ADVISORY TAX AUDIT

Teamsters Pension Trust Fund of Philadelphia and Vicinity
December 31, 2018 and 2017

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INDEPENDENT AUDITORS' REPORT

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 statements of net assets available for benefits as of December 31, 2018 and 2017 and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to 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 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 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 auditors' 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.

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, 2018 and 2017, and the changes therein for the years then ended, and its accumulated benefit obligations as of December 31, 2017, and the changes therein for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Withum Smith+Brown, PC

Bethesda, MD
August 28, 2019

Teamsters Pension Trust Fund of Philadelphia and Vicinity
Statements of Net Assets Available for Benefits
December 31, 2018 and 2017

	2018	2017
Assets		
Investments at fair value	$ 1,562,255,745	$ 1,722,130,650
Investments on loan under securities lending agreement		
Corporate stocks	2,731,447	3,248,963
Corporate bonds	204,227	316,309
Total investments on loan under securities lending agreement	2,935,674	3,565,272
Total investments at fair value	1,565,191,419	1,725,695,922
Securities lending collateral received as cash and invested	3,002,729	3,667,271
Receivables		
Employers' contributions	11,122,519	11,785,052
Participants' contributions	42,303	45,952
Interest and dividends	1,480,977	5,309,518
Due from broker for investments sold	2,102,956	2,305,620
Total receivables	14,748,755	19,446,142
Cash and cash equivalents	30,512,787	20,169,051
Other assets	97,550	95,992
Total assets	1,613,553,240	1,769,074,378
Liabilities		
Accounts payable and accrued expenses	7,136,790	1,304,658
Due to broker for investments purchased	7,484,095	16,649,554
Due to Administrative Service Professionals, Inc. (ASP)	--	223,088
Obligation to refund collateral received as cash	3,002,729	3,667,271
Total liabilities	17,623,614	21,844,571
Net assets available for benefits	$ 1,595,929,626	$ 1,747,229,807

The Notes to Financial Statements are an integral part of these statements.

Teamsters Pension Trust Fund of Philadelphia and Vicinity
Statements of Changes in Net Assets Available for Benefits
Years Ended December 31, 2018 and 2017

	2018	2017
Additions		
Investment (loss) income		
Net (depreciation) appreciation in fair value of investments	$ (105,967,279)	$ 217,484,995
Interest and dividends	25,217,211	27,532,072
Securities lending income	33,824	128,268
	(80,716,244)	245,145,335
Investment expenses	(6,867,471)	(7,297,289)
Total investment (loss) income	(87,583,715)	237,848,046
Contributions		
Employers	121,092,361	115,466,873
Participants	660,704	620,376
Withdrawal liability	10,259,593	8,234,471
Total contributions	132,012,658	124,321,720
Other income	15,905	42,363
Total additions	44,444,848	362,212,129
Deductions		
Benefits paid	192,198,233	190,576,401
Administrative expenses	3,546,796	3,448,247
Total deductions	195,745,029	194,024,648
Net (decrease) increase	(151,300,181)	168,187,481
Net assets available for benefits		
Beginning of the year	1,747,229,807	1,579,042,326
End of the year	$ 1,595,929,626	$ 1,747,229,807

The Notes to Financial Statements are an integral part of these 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 30, 2018 and March 31, 2017, the Fund's actuary certified that for the Fund's years beginning January 1, 2018 and January 1, 2017, 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.

New Accounting Pronouncements

In August 2018, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement, which includes amendments intended to improve the effectiveness of disclosure requirements for recurring and nonrecurring fair value measurements.

The standard removes, modifies, and adds certain disclosure requirements and affects companies that are required to include fair value measurement disclosures. The amendments in this update are effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. Early adoption for amendments that remove or modify disclosures are permitted. Plan management is assessing the impact of this pronouncement on the financial statements.

Subsequent Events

In preparing these financial statements, management of the Fund has evaluated events and transactions that occurred after December 31, 2018 for potential recognition or disclosure in the financial statements. These events and transactions were evaluated through August 28, 2019, 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, 2017, the actuarial present value of accumulated plan benefits is as follows:

Actuarial present value of accumulated plan benefits	
Vested benefits	
Participants currently receiving payments	$ 1,499,660,325
Other participants	771,182,610
	2,270,842,935
Nonvested benefits	85,164,360
Total actuarial present value of accumulated plan benefits before administrative expenses December 31, 2017	2,356,007,295
Actuarial present value of administrative expenses	27,150,092
Total actuarial present value of accumulated plan benefits December 31, 2017	$ 2,383,157,387

The change in the actuarial present value of accumulated plan benefits for the year ended December 31, 2017 is as follows:

Actuarial present value of accumulated plan benefits at January 1, 2017	$ 2,372,594,306 *
Increase (decrease) attributable to	
Benefits paid	(190,576,401)
Reduction in discount period	170,927,156
Benefits accumulated plus actuarial (gain) / loss	30,212,326
	10,563,081
Actuarial present value of accumulated plan benefits December 31, 2017	$ 2,383,157,387 *

* Administrative expenses of $29,545,688 and $27,150,092 are included in the January 1, 2017 and January 1, 2018 actuarial present value of accumulated plan benefits, respectively.

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 - Equal to the average of the last two years of actual expenses rounded to nearest $100,000 assumed payable at the beginning of the year.
- 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 and with 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 with 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	28.0%	40.0%	65.0%
1	7.0%	19.0%	19.0%
2	7.0%	17.0%	15.0%
3	7.0%	11.0%	9.0%
4	4.0%	11.0%	9.0%
5 - 6	4.0%	10.0%	9.0%
7 - 9	3.0%	10.0%	9.0%
10 or more	1.0%	6.0%	8.0%

- Retirement rates - For active 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%
61	25%
62	35%
63 - 64	25%
65	35%
66 - 69	30%
70 and older	100%

  For all other active 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 is 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, 2018. The computations of the actuarial present value of accumulated plan benefits were made as of January 1, 2018. Had the valuation been performed as of December 31, 2017, 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, 2018 and 2017, 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, 2018, 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, 2018 and 2017. 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, 2018, there were no transfers in or out of Levels 1, 2, or 3.

As of December 31, 2018 and 2017, assets measured at fair value on a recurring basis are summarized by level within the fair value hierarchy as follows:

	2018			
	Level 1	Level 2	Level 3	Total Fair Value
Corporate and other bonds	$ --	$ 51,944,037	$ --	$ 51,944,037
Corporate stocks	385,043,498	--	--	385,043,498
Money market funds	--	28,469,518	--	28,469,518
Mutual funds	277,287,713	--	--	277,287,713
U.S. government and agency securities	25,182,226	40,822,872	--	66,005,098
Other investments and derivatives	--	58,122,268	--	58,122,268
Total investments in the fair value hierarchy	687,513,437	179,358,695	--	866,872,132
Investments measured at net asset value	--	--	--	698,319,287
Investments at fair value	687,513,437	179,358,695	--	1,565,191,419
Securities lending collateral received as cash and invested	--	3,002,729	--	3,002,729
Cash equivalents	--	6,675,864	--	6,675,864
Total assets measured at fair value	$ 687,513,437	$ 189,037,288	$ --	$ 1,574,870,012

	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	--	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

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, 2018 and 2017 of the following investments have been determined using the net asset value per unit of the investment:

	2018		2017	
-	Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments
Multi strategy hedge funds				
BPIF Non Taxable L.P. (a)	$ 15,302,218	$ --	$ 15,005,568	$ --
Blackstone Park Avenue Non Taxable Fund L.P. (b)	14,594,817	--	15,316,803	--
Meridian Capital Fund, Ltd. (c)	--	--	4,103,448	--
	29,897,035	--	34,425,819	--
Real estate funds				
Townsend Real Estate Alpha Fund III (d)	(12,844)	14,812,500	--	--
Sentinel Real Estate Fund (e)	5,022,469	--	--	--
GMAM (f)	26,287,673	3,252,544	33,633,177	5,229,067
	31,297,298	18,065,044	33,633,177	5,229,067
International fund				
Sprucegrove All Country World ex U.S. CIT (g)	47,245,000	--	--	--
Sprucegrove US International Pooled Fund (h)	51,265,878	--	113,975,817	--
	98,510,878	--	113,975,817	--
Fixed income funds				
Alliance Bernstein Securitized Asset Securities (i)	60,022,281	--	59,929,531	--
EB Opportunistic Fixed Income Fund (j)	14,431,891	--	15,131,154	--
	74,454,172	--	75,060,685	--
Limited partnerships				
Boyd Watterson GSA Fund, LP (k)	26,423,665	--	25,902,920	--
Boyd Watterson State Government Fund, LP (l)	10,493,886	--	--	--
DCM Private Equity Fund IV, LLC (m)	19,229,252	11,415,206	11,318,690	18,399,817
Siguler Guff Trade Finance Opportunities Fund, LP (n)	11,397,804	1,047,521	13,626,983	17,887
Siguler Guff Secondary Opportunities Fund (o)	687,895	7,252,647	3,576,839	5,509,211
Siguler Guff Energy Mezzanine Co Investment Fund (p)	20,374,126	180,000	20,296,812	660,256
Siguler Guff Small Buyout Opportunities Fund III (q)	7,967,445	8,098,739	4,847,973	10,529,081
Siguler Guff SG Delta Energy Co-Investment Fund, LP (r)	22,730,409	2,950,000	3,799,580	16,110,000
Siguler Guff Energy Opportunities Holdings, LP (s)	9,019,196	10,000,000	--	--
EJF Sidecar Fund Small Financial Equities LTD (t)	16,575,486	--	6,631,451	13,600,000
EB DV Large Cap Growth Stock Index Fund (u)	67,191,362	--	68,213,774	--
EB DV Small Cap Growth Stock Index Fund (v)	7,196,720	--	7,913,084	--
EB DV Stock Index Fund (w)	209,329,844	--	--	--
ED DV SMID Cap Stock Index (x)	35,542,814	--	--	--
	464,159,904	40,944,113	166,128,106	64,826,252
	$ 698,319,287	$ 59,009,157	$ 423,223,604	$ 70,055,319

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) The fund identifies, acquires, holds, manages, and disposes of investments in real estate private equity funds for income and capital appreciation. Redemption is not allowed for this investment.

e) The fund seeks to achieve an average annual income return of 5.0% to 5.5% through the acquisition, management, and disposition of primarily core style multifamily real estate assets throughout the United States. Investors in the fund may request redemption at any time by providing Sentinel with notice of the request in writing. The fund then has a 27-month period for such redemption requests to be satisfied, provided that the General Partner may further suspend the payment of a redemption if the General Partner determines in good faith that the payment of the redemption is reasonably expected to be prejudicial to the non-redeeming Limited Partners or the fund as a whole.

f) 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.

g) The investment objective of this fund is to maximize the long-term rate of return while seeking to preserve the investment capital of the Fund. The Fund seeks to outperform the MSCI ACWI (ex USA) Index over a full market cycle. Redemptions and subscriptions are done monthly.

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

i) 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.

j) 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.

k) 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.

l) This fund was formed to operate as a perpetual life, open-end, commingled collective investment fund and intends to invest primarily in real estate primarily leased to the state government agencies. Redemption requests must be made at least (60) days prior to a calendar quarter end and shall only be permitted in increments of $250,000.

m) 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.

n) 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.

o) 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.

p) 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.

q) 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.

r) 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.

s) The partnership invests substantially all of its investable assets in a limited partnership interest in Siguler Guff Energy Opportunities Fund, LP (the Master Fund). Redemptions are not allowed for this investment.

t) 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.

u) 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.

v) 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.

w) The objective of this fund is to track the performance of the S&P 500 Index. 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.

x) The objective of this fund is to track the performance of the Russell 2500 Index. 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 investments 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.

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:

	2018		2017	
Primary Underlying Risk	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities
Equity and debt price				
Forward currency contracts	$ 371,215	$ 368,466	$ 4,956,056	$ 4,997,494

During the years ended December 31, 2018 and 2017, the Fund recognized net (depreciation) appreciation from derivative instruments of $(72,084) and $141,327, respectively, which is included in net (depreciation) 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:

	2018	2017
Primary Underlying Risk	Gains (Losses)	Gains (Losses)
Equity and debt price		
Forward currency contracts	$ (72,084)	$ 141,327

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 2018 and 2017, the Fund paid ASP $2,047,000 and $1,982,000, respectively, which is included in administrative expenses. As of December 31, 2018 and 2017, the Fund owed ASP $0 and $223,088 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, 2018 and 2017, respectively, the collateral received for loaned securities was as follows:

	2018	2017
Received as cash and invested	$ 3,002,729	$ 3,667,271

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 2018 and 2017 reported in the statements of changes in net assets available for benefits was $33,824 and $128,268, respectively, in connection with the securities lending program. The income earned was determined as follows:

	2018	2017
Gross earnings on collateral	$ 52,201	$ 34,791
Rebate from securities borrower	154	162,435
Net earnings on collateral	52,355	197,226
Fees paid to custodial bank	18,531	68,958
Net earnings by the Fund	$ 33,824	$ 128,268

SUPPLEMENTARY INFORMATION

withum
ADVISORY TAX AUDIT

INDEPENDENT AUDITORS' REPORT 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, 2018 and 2017, and our report thereon dated August 28, 2019 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 schedules of professional fees and administrative expenses for the years ended December 31, 2018 and 2017 are presented for purposes of additional analysis and are 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 audits 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.

WithumSmith+Brown, PC

Bethesda, MD
August 28, 2019

Teamsters Pension Trust Fund of Philadelphia and Vicinity
Schedules of Professional Fees and Administrative Expenses
Years Ended December 31, 2018 and 2017

	2018	2017
Administrative expenses		
Actuarial and consulting	$ 283,558	$ 223,922
Administrator fee ASP	1,823,912	2,205,088
Auditing and accounting	45,400	55,700
Data processing equipment rental and supplies	7,533	7,427
Dues and subscriptions	623	825
Educational conferences and trustee meetings	28,922	29,223
Employment verification	2,020	8,872
General office	3,329	3,031
Insurance	819,588	796,383
Legal	262,125	182,631
Payroll audit legal services	238,931	(101,920)
Postage	19,245	28,747
Printing	11,610	8,318
Total administrative expenses	$ 3,546,796	$ 3,448,247

See Independent Auditors' Report on Supplementary Information.