

Pension Valuation & Funding Standards

As a result of positive investment returns and increased contribution levels, the financial position of the Plan has improved as of December 31, 2013. The actuarial valuation determined the Plan's solvency ratio had improved to 97.5% and the funded ratio under the going-concern valuation was 121.3%.

At December 31, 2010 the solvency ratio for the Plan was 88.2% and the funded ratio was 106.9% on a going-concern basis.

The British Columbia Pension Benefits Standards Act and accompanying Regulations (the "Act") require that an actuarial valuation report for both solvency and going-concern to be filed for pension plans at least once every three years. A solvency valuation determines liabilities assuming that the plan terminates and all the benefits are to be paid out on the date of the valuation. A going-concern valuation determines liabilities assuming that the plan will continue operating indefinitely. The solvency valuation calculation is a requirement of the Act. The assumptions that actuaries use in solvency valuation calculations are mandated by the legislation and cannot be altered for a specific plan.

Contribution Rates

Employer contributions are \$5.00 per hour. Employer contributions exceed the minimum required contribution of \$3.32 per hour.

Benefit Accrual Rate

Members accrue pension benefits at a rate of \$0.05 per hour.

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Industrial Pension Plan**
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Plan

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This brochure summarizes key financial and plan information related to the Victoria Mechanical Industry Pension Plan (the “Plan”).

Basic Financial Statement

The Plan’s assets are held in trust by RBC Investor & Treasury Services, and its investments are managed by Leith Wheeler Investment Council LTD and ACM Advisors.

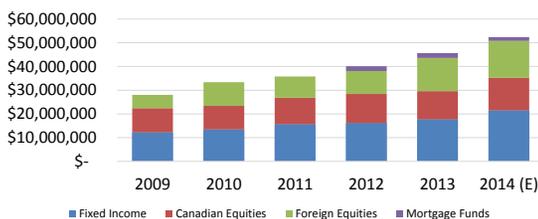
In 2013, the Plan had total expenditures of \$2.4 million, which includes pension benefit payments, transfers, withdrawals and refunds of \$2.3 million, administrative expenses of \$29,300, and other expenses of \$61,300. The estimated pension benefit payments, transfers, withdrawals and refunds for 2014 totaled \$2.2 million.

Total Expenditures



The value of the Plan’s assets increased by an estimated \$6.3 million in 2014. As a result, net assets available to pay benefits totaled an estimated \$52.7 million at December 31, 2014 compared with \$46.4 at December 31, 2013. This is the amount available to continue paying pensions to current pensioners and to provide future benefits for members who have not yet retired.

Market Value of Assets



Investments

The Plan’s investments earned a return of 11.9% for 2014, after fees.

2014 proved to be another strong year for markets as all of the Plan’s asset classes posted positive returns. Despite plummeting oil prices towards the end of the year, the Plan’s Canadian equity portfolio earned a respectable return of 8.9%. In the U.S., steadily improving economic conditions as well as a declining Canadian dollar helped the portfolio generate a 13.1% return over the past 12 months. Overseas, geopolitical tensions and investor uncertainty in Europe created market volatility and tempered returns; the Plan’s international equity portfolio earned 3.7%. The Plan’s long-term bond portfolio was the best performing asset class in the year due to falling bond yields, with a return of 17.2%.

In 2012, the Plan added mortgage investments to the Fund. Mortgages equaled \$1.5 million as of December 31, 2014, making up 2.9% of the Fund’s total portfolio. The Plan’s mortgage investments earned over 9% in 2014.

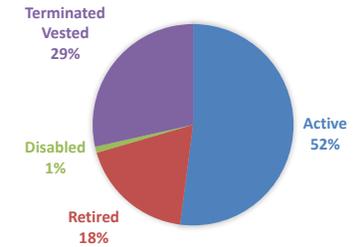
Since the 2008 financial crisis the Plan’s assets have increased by approximately \$29.2 million, up from \$23.5 at December 31, 2008 to an estimated \$52.7 million at December 31, 2014.

Membership

Member levels have steadily increased over the past 6 years, as continued growth and expansion in Canada’s energy industries has resulted in an increase in the number of positions available throughout the country, particularly in Alberta.

As of December 31, 2013 there were a total of 1,112 members or beneficiaries of the Plan, up from 1,031 as of the date of the prior valuation. Just over half of the Plan membership was made up of active members as of December 31, 2013.

PLAN MEMBERSHIP (2013)



Pension Details

Members and their surviving beneficiaries fall into one of four categories;

- Active: enrolled and accruing benefits
- Retired: collecting benefits accrued (also includes survivors)
- Terminated vested: entitled to benefits accrued, but no longer a member in good standing
- Disabled: unable to work before retirement age (65), collecting benefits

Plan Changes

Effective January 1, 2014 the monthly pension benefit accrual rate was increased from \$0.042 to \$0.05 per covered hour. In addition, employer contributions have increased from \$4.75 to \$5.00 per hour since the previous valuation.

Changes to the Plan in the form of new B.C. Pension Legislation are anticipated, but are not expected to be in force until mid-2015 at the earliest. As such, they will likely impact the next actuarial valuation.