

Carpenters Retirement Plan of Western Washington Carpenters of Western Washington Individual Account Pension Plan

Asset Allocation and Investment Manager Assignments

The assets of the Carpenters Retirement Plan and the Carpenters Individual Account Pension Plan are invested together in a combined Trust which was valued at \$2.176 billion as of December 31, 2020. The Carpenters Retirement Plan accounts for approximately \$1.624 billion of the total and the Carpenters Individual Account Pension Plan accounts for approximately \$552 million. The chart below outlines the present asset allocation for the Trust as of December 31, 2020.

Asset Category	% of Assets
Domestic Equity	34.4%
International Equity	20.4%
Bonds	15.1%
Commercial Mortgages	7.8%
Real Assets	13.0%
Private Equity	4.8%
Diversifying Strategies	0.9%
Opportunistic Investments	0.5%
Cash & Cash Equivalents	3.1%
Total	100%

Listed below are the money manager assignments by asset category.

Domestic Equity

The Trust's Domestic Equity portfolio is made up of small, mid, and large cap companies. Small/Mid cap responsibilities are assigned to Wellington Management Company for value and RBC Global Asset Management for growth. The fund has exposure to large cap equity stocks through two investment strategies. One is managed by Atlanta Capital. The other is a Russell 1000 Index Fund managed by Northern Trust Investments, Inc.

International Equity

International stocks were added to the Trust's portfolio to improve its diversification and long-term expected rate of return. The Trustees are very mindful of the potential for international investing to work against the interests of organized labor. The AFL-CIO is supportive of foreign investments in pension portfolios when they can be achieved without direct negative impact on domestic union employment. The Trustees adopted an international investment policy that is consistent with the AFL-CIO guidelines. Value oriented international investments are assigned to Mondrian and Lazard. Artisan manages a

growth oriented international portfolio for the fund. Eaton Vance Parametric manages an emerging markets portfolio.

Bonds

Our fixed income managers are Dodge & Cox and Brandywine. Dodge & Cox employs a bottom-up security selection process expected to produce a high-quality diversified domestic core bond portfolio with above-market returns over a three- to five-year period. Brandywine invests in global bonds offering the best combination of high real yield and attractive fundamentals.

Commercial Mortgages

The Trust participates in a pooled mortgage fund managed by Washington Capital which serves small to mid-size commercial new construction in the Western United States. The fund is composed of short to intermediate term commercial mortgages with laddered maturities. The effective duration of the commercial mortgage portfolio is well below that of the broader fixed income market.

Real Assets

The Trust's Real Asset holdings are comprised of pooled funds maintained by Washington Capital, Invesco Real Estate, and Blackstone Infrastructure Partners which acquire and develop high quality core office, retail, industrial, and multifamily properties throughout the United States and Canada. Some of the funds' development projects provide union construction jobs.

Private Equity

The Trust currently uses one "fund of fund" manager in order to diversify broadly in this class. The manager is Pantheon Partners. Cash is invested in direct private equity, venture capital, mezzanine financing, corporate finance, infrastructure, and buyouts.

Diversifying Strategies

The fund uses one manager whose portfolio is designed to offer broad diversification to help minimize risk. The manager for this strategy is AQR Capital Management.

Opportunistic Investments

The Trust's Opportunistic Investments are designed to take advantage of periodic dislocations in the market. PIMCO manages a fund that invests in global, residential, and commercial real estate debt and equity opportunities that have been impacted by regulatory reform.

Cash & Cash Equivalents

The Trust retains a balance of Cash and Cash Equivalents in order to fund operating expenses pertaining to the investment managers and to aid in monthly retirement disbursements. Cash overlay services for the Trust are performed by Parametric Portfolio Associates.

Returns

Listed below are the annual returns for the Carpenters Individual Account Pension Plan for the past ten years.

Year	Rate of Return
2010	12.4%
2011	1.8%
2012	12.0%
2013	15.0%
2014	7.5%
2015	2.4%
2016	6.6%
2017	15.4%
2018	-2.1%
2019	18.5%

The 10-year annualized rate of return is 8.76%. The Callan 10 year total fund standard deviations of returns is 6.44%.

Plan Expenses

Our relationships with the money managers discussed above are primarily in the form of separate accounts. Separate account fee levels at our investment size typically are much lower than fees available through the mutual fund universe. Total expenses for the plan, including custodial, money manager fees, and administration average just under 0.3% of assets.

As you may know, the Carpenters Retirement Plan has a three-year vesting requirement. The Carpenters Individual Account Pension Plan has a three-year vesting requirement. This means that contributions for individuals who leave the trade prior to becoming vested may eventually be forfeited. Forfeitures are used first to provide benefits for carpenters who work for delinquent employers who fail to make the required contributions. A second use of forfeitures is to pay plan administrative expenses.

Ongoing Investment Activities

The Trustees meet quarterly to review each manager's performance in relation to benchmarked expectations. The Trustees are assisted in investment matters by a national consulting firm specializing in the retirement plan investment process. This plan's asset strategy is moderately conservative when compared to other plans of its type.

Questions?

Please contact Retirement Services at Carpenters Trusts if you have questions about the Carpenters Retirement Plan or the Carpenters Individual Account Pension Plan: (800) 552-0635