

ACTUANT CORP
Form 11-K
February 14, 2019

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K
(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended August 31, 2018

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 1-11288

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

ACTUANT CORPORATION 401(k) PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

ACTUANT CORPORATION
N86 W12500 WESTBROOK CROSSING
MENOMONEE FALLS, WISCONSIN 53051
Mailing address: P.O. Box 3241, Milwaukee, Wisconsin 53201

Actuant Corporation 401(k) Plan
Financial Statements and Additional Information
August 31, 2018 and 2017

Table of Contents	
<u>Report of Independent Registered Public Accounting Firm</u>	<u>1</u>
Financial Statements	
<u>Statements of Net Assets Available for Benefits</u>	<u>3</u>
<u>Statements of Changes in Net Assets Available for Benefits</u>	<u>4</u>
<u>Notes to Financial Statements</u>	<u>5</u>
Additional Information	
<u>Schedule H, Line 4i---Schedule of Assets (Held at End of Year)</u>	<u>9</u>

Report of Independent Registered Public Accounting Firm

Plan Administrator
Actuant Corporation 401(k) Plan
Milwaukee, Wisconsin

Opinion on the Financial Statements

We have audited the accompanying statements of net assets available for benefits of Actuant Corporation 401(k) Plan (the “Plan”) as of August 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 and schedule (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of August 31, 2018 and 2017, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States.

Basis for Opinion

These financial statements are the responsibility of the Plan’s management. Our responsibility is to express an opinion on the Plan’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Plan in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Plan’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Supplementary Information

The supplemental information in the accompanying schedules of Schedule H, Line 4i - Schedule of Assets (Held at End of Year) as of August 31, 2018, have been subjected to audit procedures performed in conjunction with the audit of the Plan’s financial statements. The supplemental information is the responsibility of the Plan’s management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and

accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information in the accompanying schedules is fairly stated, in all material respects, in relation to the financial statements as a whole.

Wipfli LLP

We have served as the Plan's auditor since 2003.

Milwaukee, Wisconsin
February 12, 2019

2

ACTUANT CORPORATION 401(K) PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	August 31,	
	2018	2017
Investments, at fair value	\$ 181,026,432	\$ 163,513,084
Receivables		
Employee contribution receivable	23,512	—
Company contribution receivable	4,535,265	4,507,286
Participant notes receivable	2,533,047	2,287,077
Total receivables	7,091,824	6,794,363
Total assets	188,118,256	170,307,447
Liabilities		
Excess contributions payable	(2,929)	(5,447)
Accrued administrative expenses	(87,126)	(42,618)
Net assets available for benefits	\$ 188,028,201	\$ 170,259,382

The accompanying notes are an integral part of these financial statements.

ACTUANT CORPORATION 401(K) PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Year Ended August 31,	
	2018	2017
Investment gain		
Net realized and unrealized gains on fair value of investments	\$ 19,662,983	\$ 17,235,405
Interest and dividend income from investments	1,845,333	1,567,779
	21,508,316	18,803,184
Interest income on participant notes receivable	118,026	95,028
Contributions		
Company	4,577,329	4,546,296
Rollover	1,160,453	1,851,409
Participant	9,522,819	8,423,766
	15,260,601	14,821,471
Benefits paid to participants	(18,811,603)	(19,195,916)
Administrative expenses	(306,521)	(280,700)
Net increase in net assets available for benefits	17,768,819	14,243,067
Net assets available for benefits at beginning of year	170,259,382	156,016,315
Net assets available for benefits at end of year	\$ 188,028,201	\$ 170,259,382

The accompanying notes are an integral part of these financial statements.

Actuant Corporation 401(k) Plan
Notes to Financial Statements

Note 1. Description of Plan

The following description of the Actuant Corporation 401(k) Plan (the “Plan”) provides only general information. Participants should refer to the Plan’s summary plan description for a more complete description of the Plan’s provisions. The Plan is subject to and complies with the provisions of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). The purpose of the Plan is to encourage eligible employees to regularly save part of their earnings and to assist them in accumulating additional financial security for their retirement. Generally, all employees of domestic subsidiaries of Actuant Corporation (the “Company”) who are scheduled to work at least 1,000 hours in a one-year period are immediately eligible to participate in the Plan, except those subject to a collective bargaining agreement (“CBA”), unless the CBA specifically provides for coverage under the Plan. Employees of acquired companies are eligible to participate in the Plan at the discretion of the Company and employees of designated operating units may be excluded from Plan participation.

Contributions

Participants may make voluntary pre-tax and after tax (“Roth”) contributions of between 1% and 50% of qualifying compensation, subject to certain Internal Revenue Code (“IRC”) limitations. Participants who have attained the age of 50 are eligible to make catch-up contributions to the Plan. Depending on the Company’s financial performance, the Company may make discretionary contributions (“matching” and “core”) to eligible employees. The matching contribution applies only to participant contributions up to 6% of a participant’s eligible compensation, while the core contribution represents 3% of each employee’s eligible compensation. Both the matching and core contributions are made in the form of cash into the employee’s investment elections. In addition, the Company is required to make contributions to certain participants who are subject to a CBA.

Participants must be employed by the Company on the last day of the Plan year to be eligible for the discretionary contributions. If the participant is not employed on the last day of the Plan year due to retirement, death or disability, the participant is still eligible for the core contribution in that plan year.

Investment Options

Participants direct the investment of their voluntary contributions and may direct the investment for the Company’s core and matching contributions to any of the defined investment options. Participants may change their investment options at any time.

Participant Accounts

Each participant’s account is credited with contributions, participant rollovers, an allocation of Plan earnings thereon and reduced for benefit payments and certain fees charged by the trustee. Plan earnings are determined and credited to each participant’s account on a daily basis in accordance with the proportion of the participant’s account to all accounts. Substantially all administrative expenses of the Plan are paid by the Plan. Separate pre-tax and Roth contribution accounts are maintained for participants.

Vesting

Participants have, at all times, a fully vested and non-forfeitable interest in the amount of their voluntary contributions. Upon death, disability or retirement, while employed by the Company, participants become fully vested in their entire account balance. Participants normally vest in the Company matching and core contributions according to the following schedule:

Years of Service	Vesting	
	%	
Less than 2 years	0	%
At least 2 but less than 3 years	25	%
At least 3 but less than 4 years	50	%
At least 4 but less than 5 years	75	%
5 years or more	100	%

Forfeited Accounts

Forfeitures are created when participants terminate employment with the Company prior to being fully vested. These forfeited amounts are then used to reduce the Company’s future contributions to the Plan. At August 31, 2018 and

2017, unallocated forfeitures were \$360,976 and \$276,350, respectively. Forfeitures used to reduce Company contributions were \$275,447 and \$137,900 for fiscal 2018 and 2017, respectively.

Payment of Benefits

At death, disability, retirement or termination, participants or their designated beneficiaries are entitled to receive benefits equal to their vested account balances. Participants may elect to receive vested benefits in the form of a lump-sum distribution, installment payments or a direct transfer to an eligible retirement plan. If a participant's vested account balance is less than \$5,000 it will automatically be distributed in the form of a direct rollover to an individual retirement account (\$1,000 or less in a lump sum payment). In the event of hardship, participants may withdraw a portion of their vested account balances.

Participant Notes Receivable

A participant may receive a note from the Plan out of the participant's voluntary contributions, rollover, prior Company contributions and qualified non-elective contributions account in an amount greater than or equal to \$1,000, not to exceed the lesser of 50% of the portion of the participant's vested account balances plus earnings thereon or \$50,000. Notes bear a fixed interest rate of the prime rate at the time of the note plus 1%. Notes and interest thereon are repaid from payroll deductions over a period not to exceed five years, unless the note is used to purchase the principal residence of the participant, in which case the term of the note will be a reasonable period not to exceed 20 years, as determined by the Plan administrator.

Participants' notes receivable are valued at their unpaid principal balance plus accrued but unpaid interest. No allowance for credit losses has been recorded as of August 31, 2018 or 2017. If a participant ceases to make note repayments and the Plan administrator deems the participant note to be in default, the participant note balance is reduced and a benefit payment is recorded.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan are prepared under the accrual method of accounting in accordance with accounting principles generally accepted in the United States.

Use of Estimates in Preparation of Financial Statements

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that directly affect the reported amounts of assets, liabilities and changes therein. Actual results may differ from those estimates.

Investment Valuation

The Plan's investments are stated 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. See Note 3 for discussion for fair value measurements.

Income Recognition

Purchases and sales of investments are recorded on a trade-date basis. Interest income is recognized when earned. Dividends are recorded on the ex-dividend date. The Statement of Changes in Net Assets Available for Benefits includes the net gain (loss) on the fair value of investments, which consists of realized and unrealized gains and losses.

Risk and Uncertainties

The Plan's investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investments it is reasonably possible that changes in the fair value of investments will occur in the near term. These changes could materially affect participants' account balances and the amounts reported in the financial statements.

Payment of Benefits

Benefits are recorded when paid.

Note 3. Fair Value Measurements

The Plan assesses the inputs used to measure fair value using a three-tier hierarchy. Level 1 inputs include quoted prices for identical instruments and are the most observable. Level 2 inputs include quoted prices for similar assets and observable inputs. Level 3 inputs are not observable in the market and include management's own judgments about the assumptions market participants would use in pricing the asset or liability. The following valuation methodologies are used for plan assets measured at fair value:

Mutual Funds: Valued at quoted prices from an active market which represents the net asset value (NAV) of shares held by the Plan at year end.

Actuant Corporation Stock Fund: The Actuant Corporation Stock Fund is a unitized fund. The fund consists of Actuant common stock and short-term cash equivalents which provide liquidity for trading. The Actuant common stock is valued at the quoted market price from an active market and the short-term cash equivalents are valued at cost, which approximates fair value.

Common collective trust: Fair value for these investments is determined by the NAV based on the fair value of the underlying funds. The NAV, as provided by the custodian, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

A summary of assets at August 31 measured at fair value on a recurring basis are as follows:

	2018	2017
Level 1 Valuation:		
Mutual funds	\$129,539,107	\$115,197,495
Level 2 Valuation:		
Actuant Corporation stock fund*	14,178,476	14,472,491
Total investment assets in fair value hierarchy	143,717,583	129,669,986
Common collective trust	37,308,849	33,843,098
Total Investments at fair value	\$181,026,432	\$163,513,084

* Included 558,135 and 693,550 shares of Actuant Corporation Common Stock as of August 31, 2018 and 2017, respectively.

The following table summarizes the Plan's investments in common collective trusts with a reported fair value using NAV per share at August 31:

	2018	2017	Unfunded Commitmen	Redemption Frequency	Redemption Notice Period
Wells Fargo S&P 500 Index Fund	\$24,643,267	\$21,904,480	—	Daily	None
Wells Fargo Stable Return Fund	\$12,665,582	\$11,938,618	—	Daily	12 months
Total Common Collective Trust	\$37,308,849	\$33,843,098			

Note 4. Tax Status

The Internal Revenue Service has determined and informed the Company in a letter dated February 24, 2017, that the Plan was designed in accordance with the applicable sections of the IRC. Although the Plan has been amended since receiving the determination letter, the plan administrator believes that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the IRC.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan 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. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to applicable statutory periods.

Note 5. Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions and to terminate the Plan at any time, subject to the provisions of ERISA. In the event of plan termination, participants will become fully vested in their accounts.

Note 6. Exempt Party-in-Interest Transactions

Certain plan investments are in shares of mutual funds and common trust funds managed by Wells Fargo Bank, custodian of the Plan, shares of Actuant Corporation Common Stock and participant notes receivable. These transactions qualify as party-in-interest transactions, however, they are not considered prohibited transactions under 29 CFR 408(b) of the ERISA regulations. Fees incurred by the Plan for the investment management services paid through revenue sharing are included in administrative expenses.

Note 7. Subsequent Events

Subsequent to fiscal year-end and effective for the fiscal year ending August 31, 2019, the Company's match contribution will be \$0.50 match for every \$1.00 contributed up to 8% of a participant's eligible compensation. The Company's match contribution will be made with each payroll period and will be immediately 100% vested including any prior Company match contributions. In place of the previous core contribution, the Company will implement a discretionary contribution. The Company may make an annual discretionary contribution of up to 3% of eligible pay, dependent on the Company's financial performance. The discretionary contribution will be 100% vested after 3 years of service.

Edgar Filing: ACTUANT CORP - Form 11-K

Actuant Corporation 401(k) Plan
Schedule H, Line 4i - Schedule of Assets (Held at End of Year)
EIN:39-0168610 Plan Number:022
August 31, 2018

(a)(b) Issuer, borrower, lessor, or similar party	(c) Description of Investment (d) Cost (e) Current Value	
Registered Investment Co:		
Clearbridge Large Cap	Registered Investment Co (A)	\$ 15,265,762
Harbour International Institutional Fund	Registered Investment Co (A)	4,673,091
Invesco Small Cap Growth Fund	Registered Investment Co (A)	5,156,541
Northern Small Cap Value Fund	Registered Investment Co (A)	5,139,900
Nuveen Dividend Value Fund	Registered Investment Co (A)	6,037,926
Oppenheimer Developing Mkt. Fund	Registered Investment Co (A)	3,364,930
Pimco Commodity Real Return Strategy Fund	Registered Investment Co (A)	348,243
T. Rowe Price Retirement 2015 Fund	Registered Investment Co (A)	2,653,465
T. Rowe Price Retirement 2020 Fund	Registered Investment Co (A)	9,311,606
T. Rowe Price Retirement 2025 Fund	Registered Investment Co (A)	15,192,916
T. Rowe Price Retirement 2030 Fund	Registered Investment Co (A)	10,604,250
T. Rowe Price Retirement 2035 Fund	Registered Investment Co (A)	8,608,116
T. Rowe Price Retirement 2040 Fund	Registered Investment Co (A)	10,477,530
T. Rowe Price Retirement 2045 Fund	Registered Investment Co (A)	4,644,389
T. Rowe Price Retirement 2050 Fund	Registered Investment Co (A)	2,388,248
T. Rowe Price Retirement 2055 Fund	Registered Investment Co (A)	2,182,367
T. Rowe Price Retirement 2060 Fund	Registered Investment Co (A)	586,070
Vanguard Mid Cap Index Fund	Registered Investment Co (A)	11,657,894
Victory Sycamore Established Value A	Registered Investment Co (A)	4,093,306
Voya (Ing) MidCap Opportunities Fund	Registered Investment Co (A)	1,120,183
* Wells Fargo Advantage Total Return Bond Fund	Registered Investment Co (A)	6,032,374 129,539,107
Common Collective Trusts		
* Wells Fargo S&P 500 Index Fund	Common Collective Trust (A)	24,643,267
* Wells Fargo Stable Return Fund	Common Collective Trust (A)	12,665,582 37,308,849
* Actuant Corporation Stock Fund	(B) (A)	14,178,476
* Participant Notes Receivable	(C) -	2,533,047 \$ 183,559,479

* Party-in-Interest

(A) Cost omitted for participant-directed investments

(B) Includes 558,135 shares of Actuant Corporation Common Stock

(C) Participant notes receivable have interest rates from 4.25% to 9.50%

See Report of Independent Registered Public Accounting Firm

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

ACTUANT CORPORATION 401(k) PLAN

Date: February 12, 2019 /s/ Fabrizio Rasetti

Fabrizio Rasetti
Plan Administrative Committee Member

Exhibit Index

Exhibit No. Description

23.1 Consent of WIPFLI LLP, Independent Registered Public Accounting Firm

11