

Rexnord Corp  
Form 11-K  
June 27, 2018

---

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 December 31, 2017

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-35475

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

Rexnord LLC 401(k) Plan

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

Rexnord Corporation

247 Freshwater Way, Suite 300

Milwaukee, WI 53204

---

Contents

---

	Page (s)
<u>Report of Independent Registered Public Accounting Firm</u>	<u>1</u>
<u>Financial Statements</u>	<u>2</u>
<u>Statements of Net Assets Available for Benefits</u>	<u>2</u>
<u>Statement of Changes in Net Assets Available for Benefits</u>	<u>3</u>
<u>Notes to Financial Statements</u>	<u>4</u>
<u>Supplemental Schedule*</u>	<u>10</u>
<u>Schedule H, Line 4i - Schedule of Assets (Held at End of Year)</u>	<u>10</u>
<u>Signature</u>	<u>11</u>
<u>Index to Exhibit</u>	<u>12</u>

\* Other supplemental schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

---

Report of Independent Registered Public Accounting Firm

Benefits Committee of Rexnord LLC and Plan Participants of  
Rexnord LLC 401(k) Plan  
Milwaukee, Wisconsin

Opinion on the Financial Statements

We have audited the accompanying statements of net assets available for benefits of the Rexnord LLC 401(k) Plan (the Plan) as of December 31, 2017 and 2016, and the related statement of changes in net assets available for benefits for the year ended December 31, 2017, and the related notes (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 December 31, 2017 and 2016, and the changes in net assets available for benefits for the year ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

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 the 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.

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.

Supplemental Information

The supplemental information in the accompanying schedule of assets (held at end of year) as of December 31, 2017 has 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 is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ RubinBrown LLP

We have served as the Plan's auditor since 2008.

Kansas City, Missouri  
June 27, 2018

Rexnord LLC 401(k) Plan  
 Statements of Net Assets Available for Benefits

	December 31,	
	2017	2016
Assets		
Investments at fair value:		
Mutual funds	\$395,140,537	\$329,615,320
Common collective trust	41,213,996	45,337,325
Rexnord Stock Fund	1,179,594	1,003,227
Investments at fair value	437,534,127	375,955,872
Receivables:		
Notes receivable from participants	9,584,919	10,708,816
Employer contributions receivable	1,958,689	—
Total receivables	11,543,608	10,708,816
Net assets available for benefits	\$449,077,735	\$386,664,688

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

Rexnord LLC 401(k) Plan  
 Statement of Changes in Net Assets Available for Benefits  
 For the Year Ended December 31, 2017

Additions to net assets attributed to:

Contributions:

Employer	\$ 14,294,147
Participants	21,223,841
Rollovers	3,076,354
Total contributions	38,594,342

Deductions from net assets attributed to:

Benefits paid to participants	52,495,571
Administrative fees	481,662
Total deductions	52,977,233

Investment income:

Interest and dividends	1,616,643
Net appreciation in fair value of investments	60,477,782
Net investment income	62,094,425

Interest income on notes receivable from participants	434,253
Increase in net assets before conversion in	48,145,787

Conversion in (Note 1)	14,267,260
------------------------	------------

Net increase in net assets available for benefits	62,413,047
---	------------

Net assets available for benefits - beginning of year	386,664,688
---	-------------

Net assets available for benefits - end of year	\$449,077,735
---	---------------

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

Rexnord LLC 401(k) Plan  
Notes to Financial Statements  
December 31, 2017 and 2016

## 1. Description of the Plan

The following description of the Rexnord LLC 401(k) Plan (the Plan) provides only general information. Participants should refer to the Plan Document for more complete information.

### General

The Plan is a defined contribution deferral savings plan administered by the Rexnord LLC (the Company or Rexnord) Benefits Committee and covers substantially all nonunion employees and a portion of union employees of the Company and its affiliates as defined in the Plan Document. The following employee plan merged with the Plan during the year ended December 31, 2017:

Merged Plan	Date	2017
Cambridge International 401(k) Plan	2/1/2017	\$14,267,260

The merger is reflected as a Conversion in within the statement of changes in net assets available for benefits.

The Plan is primarily intended to assist employees in supplementing their retirement income by providing a tax-deferred savings vehicle. A participant is eligible to participate in the Plan after 30 days of service. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The Plan's trustee and record keeper is Wells Fargo Bank, N.A. (the Trustee or Wells Fargo).

### Contributions

Participants may elect to defer from 1% to 75% of their annual compensation to the Plan limited to the maximum contribution amount as defined by the Internal Revenue Service (IRS). As permitted by Section 401(k) of the Internal Revenue Code (IRC), the amounts contributed are not taxable until paid out by the Plan. Participants who have attained age 50 before the close of the Plan year may make catch up contributions to the Plan. Participants may also make elective contributions on an after-tax basis. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans (rollover).

The Plan was amended effective March 8, 2017, to permit participants to make Roth 401(k) contributions. Participants may elect to defer from 1% to 75% of their annual compensation for the Roth 401(k) contribution to the Plan, limited to the maximum contribution amount as defined by the IRS. Participants making Roth 401(k) contributions who have attained the age of 50 are also eligible to make catch-up Roth 401(k) contributions to the Plan. Participants may also contribute amounts representing distributions from other qualified Roth 401(k). A participant's compensation associated with a Roth 401(k) contribution is subjected to federal income taxes in the year of contribution, but the contribution and, in most cases, the earnings on the contribution are not subject to federal income taxes when distributed in accordance with IRS requirements.

All employees that become eligible for the Plan are subject to automatic enrollment. Prior to February 1, 2016, the salary deferral rate at automatic enrollment was set at 3% of compensation with an auto-escalation feature that increases contributions 1% annually on the enrollment anniversary date each year until the contribution percentage reaches 10%. Beginning February 1, 2016, the salary deferral rate at automatic enrollment is set at a 5% pre-tax contribution rate with no change to the auto-escalation feature. An employee can change the deferral rate made through automatic enrollment by electing a different percentage, the employee can affirmatively elect not to participate in the Plan or by electing to contribute on an after-tax Roth 401(k) basis. Participants may, at any time, change their contribution percentage or suspend any future deductions from their pay. The auto-escalation feature is available to all participants, even if they were not automatically enrolled. The automatic salary deferral will be

invested in a fund allocation based on the employee's age, unless otherwise directed by the employee. Rexnord matches employee contributions at 50% of the first 8% of eligible wages. Catch-up contributions are not matched by the Company. Participants' contributions and Company matching contributions are deposited into participant accounts. The Company may also make quarterly discretionary contributions of up to 3% of quarterly eligible wages to each employee who is eligible to participate in the Plan, regardless of their deferral election. The Company made discretionary contributions of 1.5%, 3.0%, 3.0%, and 3.0% on participants' eligible wages for the quarterly periods ended March 31, June 30, September 30, and December 31, respectively, during the Plan year ended December 31, 2017.

Notes to Financial Statements (continued)

Vesting

Participants are immediately vested in their contributions plus actual earnings thereon. The value of Company contributions vests at the earlier to occur of disability, death, attainment of age 65, or three years of service, with some exceptions for certain merged plans. If a participant terminates employment before becoming vested, the value of Company contributions to their account is forfeited.

Participant Accounts

Individual accounts are maintained for each Plan participant. Each participant's account is credited with the participant's contributions, allocations of Company matching and discretionary contributions, and Plan earnings, and charged with withdrawals and an allocation of Plan losses and administrative expenses. Allocations are based on participant compensation or account balances, as defined in the Plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Investment Options

Upon enrollment in the Plan, a participant may direct contributions in various investment options maintained by the Trustee. As of December 31, 2017, the Plan offers participants the option to invest their contributions in the following types of investments: mutual funds (23 offered), a common collective trust (1 offered) and the Rexnord Stock Fund (1 offered). Participants may change their investment options with the Trustee by giving such number of days advance notice of the election as required by the Trustee. Portfolio investment allocation elections by participants can be up to 100% of any investment option except the Rexnord Stock Fund, which is restricted to a maximum portfolio investment allocation of 20%. All participants must comply with insider trading laws and the Company's policies, including its insider trading policy, when making any transactions in the Rexnord Stock Fund.

Payment of Benefits

The account balance, to the extent it is vested, will be paid upon request to participants who have retired, become disabled, or otherwise left the Company, or to the beneficiaries of deceased participants.

Upon termination of service, death, disability or retirement, a participant may elect to receive either a lump sum amount equal to the value of the participant's vested interest in his or her account, or annual installments over a 15-year period.

The Plan will distribute a participant's entire account balance to any participant (or to such participant's beneficiary in the case of death) who has an account balance less than \$1,000 following their termination of employment or death. If the participant's account balance is between \$1,000 and \$5,000 following their termination of employment or death, the Plan will automatically rollover a participant's entire account balance to a designated third party individual retirement plan provider. Distribution or automatic rollovers of small account balances will occur before the end of the second Plan year following the Plan year during which the participant ceases to participate in the Plan.

Participant Hardship Withdrawals

A participant may withdraw all or a portion of their contributions subject to certain hardship withdrawal provisions.

Forfeited Accounts

As of December 31, 2017 and 2016, there were approximately \$192,368 and \$113,166, respectively, of unallocated forfeited accounts. Forfeited accounts are used to reduce future Company contributions. During the year ended December 31, 2017, \$1,464,001 of forfeitures were used to reduce Company contributions.

Notes Receivable from Participants



Participants may borrow from their accounts up to a maximum of \$50,000 or 50% of their vested account balance, whichever is less. The loans are secured by the balance in the participant's account and bear interest at rates commensurate with local prevailing rates at the time funds are borrowed as determined quarterly by the Plan Administrator. At December 31, 2017, outstanding loans bore interest at rates ranging from 4.25% to 10.50%. Principal and interest are paid ratably through payroll deductions, with maturity dates through August 2032.

#### Administrative Expenses

Plan administrative expenses are paid by the Company or the Plan, at the Company's discretion. Administrative expenses totaled \$481,662 for the year ended December 31, 2017.

Notes to Financial Statements (continued)

Plan Termination

Although it has not expressed any intention to do so, the Company has the right to terminate the Plan, subject to the provisions set forth in ERISA. If the Plan is terminated, Plan assets will be distributed to the participants based on the individual participant's interest in the Plan. In the event that the Plan is terminated, all participants at the time of termination, would become 100% vested in their accounts.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

Estimates and Assumptions

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 that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of additions to and deductions from net assets during the reporting period. Actual results could differ from those estimates.

Payment of Benefits

Benefit payments to participants are recorded when paid.

Valuation of Investments and Income Recognition

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 of fair value measurements.

Investment income is recorded as earned on the accrual basis. Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Net appreciation or depreciation represents the difference between the aggregate fair value of investments at the end of the year and the values at the beginning of the year, and includes any realized gains and losses and unrealized appreciation or depreciation on those investments.

Certain management fees and operating expenses charged to the Plan for investments are deducted from income earned on a daily basis and are not separately reflected. Consequently, these management fees and operating expenses are reflected as a reduction of net appreciation in the fair value of investments on the Statement of Changes in Net Assets Available for Benefits.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent notes receivable from participants are recorded as a distribution in accordance with the terms of the Plan Document.

Employer Contributions Receivable

Employer contributions receivable consists of monies owed to Plan participants based on matching payroll contributions withheld through the end of each calendar year and quarterly discretionary contributions, but not received by the Trustee as of the end of the respective Plan year.

Risks and Uncertainties

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

Notes to Financial Statements (continued)

3. Fair Value Measurements

ASC 820, Fair Value Measurements and Disclosures (“ASC 820”), defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. ASC 820 also specifies a fair value hierarchy based upon the observability of inputs used in valuation techniques. Observable inputs (highest level) reflect market data obtained from independent sources, while unobservable inputs (lowest level) reflect internally developed assumptions about the assumptions a market participant would use.

In accordance with ASC 820, fair value measurements are classified under the following hierarchy:

Level 1 Quoted prices for identical instruments in active markets.

Level 2 Quoted prices for similar instruments; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs or significant value-drivers are observable.

Level 3 Model-derived valuations in which one or more inputs or value-drivers are both significant to the fair value measurement and unobservable.

If applicable, the Plan uses quoted market prices in active markets to determine fair value, and therefore classifies such measurements within Level 1. Where market prices are not available, the Plan makes use of observable market based inputs to calculate fair value, in which case the measurements are classified within Level 2. If quoted or observable market prices are not available, fair value is based upon internally developed models that use, where possible, current market-based parameters. These measurements are classified within Level 3 if they use significant unobservable inputs.

A description of the valuation methodologies used for assets measured at fair value is as follows:

Mutual funds - Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Common collective trust - Valued at the NAV of units of the common collective trust. The NAV, as provided by the trustee, 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. Participant transactions (purchases and sales) may occur daily. Were the Plan to initiate a full redemption of the collective trust fund, the investment advisor reserves the right to temporarily delay withdrawal from the trust in order to ensure that securities liquidations will be carried out in an orderly business manner. A full redemption of the Plan’s interest in the Wells Fargo Stable Return Fund N requires a 12-month notice period.

Rexnord Stock Fund - The Rexnord Stock Fund (the Fund) consists of the Company’s common stock and short-term cash, which provides liquidity for daily trading. The Company’s common stock is valued at the quoted market price from a national securities exchange and the short-term cash investments are held in a money market mutual fund and are valued at fair value based on the NAV per share. A market-based NAV per share is calculated for the Fund periodically, and is the basis for participant transactions. The Fund is valued using the calculated NAV as a practical expedient to estimate fair value.

The methods described above may produce fair value calculations 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.

There have been no changes to the methodologies used at December 31, 2017 or 2016.

## Notes to Financial Statements (continued)

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2017:

	Level 1	Level 2	Level 3	Total
Mutual funds	\$395,140,537	\$	—\$	—\$395,140,537
Common collective trusts (a)				41,213,996
Rexnord Stock Fund (a)				1,179,594
				\$437,534,127

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2016:

	Level 1	Level 2	Level 3	Total
Mutual funds	\$329,615,320	\$	—\$	—\$329,615,320
Common collective trusts (a)				45,337,325
Rexnord Stock Fund (a)				1,003,227
				\$375,955,872

Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are (a) intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of net assets available for benefits.

#### 4. Related Party Transactions and Party In Interest Transactions

Certain Plan investments are shares of mutual funds or common collective trusts managed by the Trustee. In addition, at December 31, 2017 and 2016, Plan investments include 44,174 and 48,483 shares of common stock of Rexnord, respectively, the Plan's sponsor. The fair value of these shares was \$1,149,407 and \$949,782, at December 31, 2017 and 2016, respectively. These transactions qualify as party in interest transactions but are exempt from the prohibited transactions regulations under ERISA.

#### 5. Income Tax Status

The IRS has determined and informed the Company by a letter dated October 14, 2014 that the Plan, as then designed, and the related trust satisfy the applicable provisions of the IRC. The Plan has been amended since the date of the opinion letter; however, the Company and the Plan Administrator believe that the Plan and related trust are currently designed and being operated in compliance with the applicable requirements of the IRC and therefore no provision for income taxes has been included in the Plan financial statements.

The Plan's management has reviewed the Plan's tax exempt status and analyzed the tax positions taken by the Plan and has concluded that as of December 31, 2017 and 2016, there are no uncertain tax positions taken or expected to be taken that would require recognition or disclosure in the financial statements during the years ended December 31, 2017 and 2016, respectively. There are currently no audits for any tax periods in progress from any taxing authorities.

#### 6. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to Form 5500 for the years ended December 31, 2017 and 2016:

2017	2016
------	------

Edgar Filing: Rexnord Corp - Form 11-K

Net assets available for benefits per the financial statements	\$449,077,735	\$386,664,688
Adjustment for deemed distributed loans	(106,699 )	(152,349 )
Net assets available for benefits per Form 5500	\$448,971,036	\$386,512,339

8

---

Notes to Financial Statements (continued)

The following is a reconciliation of the increase in net assets before the conversion in per the financial statement to Form 5500 for the year ended December 31, 2017:

	2017
Increase in net assets before the conversion in per the financial statements	\$48,145,787
Adjustment for net change in deemed distributed loans	45,650
Net income per Form 5500	\$48,191,437



Rexnord LLC 401(k) Plan

EIN: 04-3722228 PLAN NUMBER: 006

Schedule H, Line 4i - SCHEDULE OF ASSETS HELD (AT END OF YEAR)

December 31, 2017

Identity Of Issuer, Borrower, Lessor Or Similar Party	Description Of Investment	Units	Current Cost** Value
American Funds EuroPacific Growth R6	Mutual Fund	69,898	\$3,924,057
Columbia Acorn International Y	Mutual Fund	15,851	744,219
DFA Commodity Strategy	Mutual Fund	761,033	4,535,758
DFA Global Real Estate Securities	Mutual Fund	629,523	6,893,281
Goldman Sachs Small Cap Value Institutional	Mutual Fund	101,258	6,147,347
Invesco Global Real Estate R6	Mutual Fund	72,754	979,264
Oppenheimer Developing Markets I	Mutual Fund	59,327	2,546,917
PIMCO Commodity Real Ret Strat Institutional	Mutual Fund	75,006	507,790
Prudential High Yield Q	Mutual Fund	517,193	2,854,903
Prudential Total Return Bond Q	Mutual Fund	267,807	3,909,985
* Rexnord Stock Fund	Company Stock Fund	44,174	1,179,594
T. Rowe Price Blue Chip Growth	Mutual Fund	173,718	16,734,266
Templeton Foreign Fund R6	Mutual Fund	55,553	441,092
Templeton Global Total Return R6	Mutual Fund	81,542	982,585
Vanguard Equity Income Admiral	Mutual Fund	121,340	9,458,445
Vanguard Extended Market Index Institutional	Mutual Fund	95,968	8,133,322
Vanguard High-Yield Corporate	Mutual Fund	1,858,802	11,004,106
Vanguard Inflation-Protected Securities	Mutual Fund	1,014,214	10,578,252
Vanguard Institutional Index I	Mutual Fund	58,170	14,162,144
Vanguard Total Bond Market Index I	Mutual Fund	4,795,644	51,553,169
Vanguard Total Intl Bond Index	Mutual Fund	181,005	5,893,517
Vanguard Total Intl Stock Index Institutional	Mutual Fund	639,802	78,075,075
Vanguard Total Stock Market Index	Mutual Fund	1,210,616	151,496,446
* Wells Fargo Emerging Growth Institutional	Mutual Fund	228,901	3,584,597

Edgar Filing: Rexnord Corp - Form 11-K

* Wells Fargo Stable Return Fund N	Common Collective Trust	759,327	41,213,996
			\$437,534,127
* Participant Loans	Participant loans with interest rates between 4.25% and 10.50% and with maturity dates through August 2032		9,478,220
			\$447,012,347

\* Represents a party in interest as defined by ERISA.

\*\* Cost information was omitted for Plan assets that are participant directed.

The above information is a required disclosure for Form 5500, Schedule H, Part IV, line 4i.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees of the Rexnord LLC 401(k) Plan (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.

Rexnord LLC 401(k) Plan

By: /s/ Jennifer Marifke

Name: Jennifer Marifke

Title: Director of Compensation

Date: June 27, 2018

Rexnord Corporation  
Exhibit List to Form 11-K

Exhibit No.	Description
23.1	<u>Consent of Independent Registered Public Accounting Firm</u>

12