



# Peguis First Nation

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## PEGUIS FIRST NATION TREATY LAND ENTITLEMENT (TLE) TRUST

### 2013 TRUST ADMINISTRATION REPORT

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#### FINANCIAL TRUSTEES

SHARON STEVENSON, STEPHAN DANIELS, ANNETTE SPENCE, DIANE BEAR,  
CARRIE (SHERRY) SUTHERLAND AND ROYAL TRUST CORPORATION OF CANADA

AND

#### COMMUNITY FUND TRUSTEES

RALPH SUTHERLAND, LLOYD SINCLAIR, BARRY BEAR, FREDA BEAR,

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April 12, 2014

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**PEGUIS FIRST NATION TRUST  
ANNUAL TRUST REPORT FOR THE PERIOD  
JANUARY 1, 2013 TO DECEMBER 31, 2013**

**Trust Mission Statement**

*As financial caretakers of the Peguis First Nation Trust, the Trustees are responsible for managing the safety, income and growth of Trust assets for the use of current and future generations of the Peguis community. To promote harmony, nurture pride in our heritage and to establish a legacy for all...*

*Gakina Denaawemaaganag (All my relations...)*

**Background**

The Peguis First Nation entered into the Peguis First Nation Treaty Entitlement Agreement with Canada and the Province of Manitoba, thus securing its long outstanding right to additional land for Reserve under the terms of Treaty 1.

Under the Treaty Entitlement Agreement, Peguis First Nation is entitled to select and acquire up to 166,794 acres of additional land as Reserve. To fulfil its obligations, Canada agreed to pay Peguis First Nation the sum of \$64,425,000.00 which included: contributions made by Canada towards Negotiations Costs; compensation for costs incurred by Peguis First Nation in undertaking and completing the Community Approval Process; and costs incurred or anticipated to be incurred by Peguis First Nation in completing the Land Selection Study.

Under the terms of the Treaty Entitlement Agreement, Peguis First Nation agreed to create the Peguis First Nation Trust to use, manage and administer the Settlement Funds received from Canada.

By Ratification Vote held on September 7, 2007, the majority of Members of Peguis First Nation approved the Peguis First Nation Trust Agreement, which was later signed on May 12th, 2008.

On May 28, 2008, \$61,397,215.00 was deposited to the Peguis First Nation Trust, of which \$56,397,215.00 was transferred to the Implementation Account and \$5,000,000.00 to the Community Fund Account.



Chief Peguis

## **The Peguis First Nation Trust Trustees**

There are two sets of Trustees for the Peguis First Nation Trust – the Financial Trustees and the Community Fund Trustees.

### ***The Financial Trustees***

The Financial Trustees are responsible for the financial administration of the Peguis First Nation Trust, including the Implementation Account and the Community Fund Account. Under the terms of the Trust Agreement, the Financial Trustees can engage professional financial management services to assist them in performing their duties. The Financial Trustees distribute the Trust Property in accordance with the Funding Directions issued by Council or the Community Fund Trustees, as the case may be.

In 2013, the Financial Trustees for the Peguis First Nation Trust were Sangita Bhalla, Royal Trust Corporation of Canada (Chair), Stephen Daniels, Sharon Stevenson, Annette Spence, Diane Bear, Carrie Sutherland (Sherry).

Under the terms of the Trust Agreement at least one (1) Peguis Financial Trustee must be located off Reserve. In 2012, Annette Spence was the off Reserve Financial Trustee.

Under the terms of the Trust Agreement, a seventh (7<sup>th</sup>) Financial Trustee is to be appointed by Council who must be a chartered accountant. Council is currently in the process of finding a suitable chartered accountant to act as Trustee.

### ***The Community Fund Trustees***

The Community Fund Trustees are responsible for identifying, determining or recommending to Council or to Council and the Members “Expenditures Beneficial to Peguis First Nation” under the terms of the Trust Agreement. The Community Fund Trustees have no responsibility for the financial administration of the Trust.

In 2013, the Community Fund Trustees for the Peguis First Nation Trust were Lloyd Sinclair (Chair), Barry Bear, Freda Bear and Ralph Sutherland.

Under the terms of the Trust Agreement, one Community Fund Trustee must be located off Reserve and there remains a vacancy for this position.

## **Reporting**

Each year, the Trustees are required to provide the Chief and Council of Peguis First Nation with financial statements for the Trust, as well as, a report on the administration of the Trust. The report describes the income and expenditures of the Trust, the activities of the Trustees, as well as, reports on the investments for the Trust.

For 2013, the Financial Trustees appointed BDO Canada, LLP as the Auditor for the Trust. Attached hereto are the financial statements for the Trust.

Upon request, any member of Peguis First Nation is entitled to receive a copy of the audited financial statements and the Trustees’ Annual Report. Members need to provide verification of membership, which can be obtained from the Membership Office.

## **Professional Development**

As a requirement of the Peguis First Nation Trust, Trustees must ensure they educate themselves on the Trust Agreement and the implementation of the Trust. As the Trustees for the Peguis First Nation Trust we continue to be committed to actively pursuing opportunities to enhance our experience and expand our knowledge base to become dynamic participants in the administration of the Trust.



In 2012, the National Aboriginal Trust Officers Association (NATOA) implemented a brand new Trustee Accreditation Program designed to provide community Trustees for aboriginal trusts with an opportunity to expand their knowledge base and gain an in-depth understanding of the operations of trusts and investments. Future plans in the works to develop a Trust Managers Certificate. The Trust Accreditation course will be the first of the four modules required to complete the Trust Managers Certificate. The Trust Accreditation course is still being offered through Lethbridge College. To date, there have been over 100 students who have taken this course.

Rodgers Investment Consulting Aboriginal Trust and Investment Workshop provides a forum to focus on aboriginal trusts and offers an opportunity for information and insight into the administration of a Trust. This workshop also brings together community Trustees, Trust managers and industry professionals from across Canada. In 2013, the workshop was held in Banff, Alberta and several of the Financial Trustees attended the workshop on April 29, 2013. Topics covered as follows: Introduction to the Investment Challenge, Roles and Responsibilities of Community Trustees, Councillors, Community Members, Financial Advisors, Corporate Trustees and Investment Managers, Investment Basics, Risk and Return, Fixed Income (bonds), Equities (stocks), Asset Mix, and Diversification, Investments Advanced, Fiduciary Duty. Conflicts vs Conflicts of Interest, Amending Trust Agreements, Economic Development to Build a Sustainable & Diversified Economy, Understanding Financial Statements and Investment Reports, Spending and Disbursement Policies & Levels, Evaluating Performance and Defining Acceptable Levels of Service and Investment Performance, and Capital Markets Outlook.

## **The Implementation Account (Land Purchase)**

### **Purpose of the Implementation Account**

The Implementation Account is to be used to acquire land to be registered in the name of Peguis, discharging expenses associated with the purchase of land and other administration expenses of the Treaty Entitlement Agreement.

### **Authorized Uses of the Implementation Account**

- To purchase for social, economic development, cultural or other purposes of interest to Peguis First Nation, including related costs
- To pay the costs of inspection, appraisal, negotiation, capital purchase, purchased transaction, holding, tax adjustment and incidental costs, including agents, representation or trustees retained to purchase or hold title to land
- To implement the Treaty Entitlement Agreement, including required staff, equipment, travel or other administration costs pertaining to the purchase of land, monitoring and Reserve creation process
- To pay reasonable fees and honoraria, as approved at a Meeting of Members, as well as financial, investment management, legal, accounting or other education which will assist the Financial Trustees in carrying out their duties and protecting the assets of the Trust

### **Process for Paying Implementation Costs and for the Purchase of Land**

Council must provide the Trustees with a Funding Direction, which contains the following information:

#### **For Implementation Costs:**

- A description of the implementation expense
- A description of the manner in which the funds will be applied
- when and to whom the funds will be paid
- the anticipated completion date
- the amount and source of other funds received
- a description of any charges or security arrangements
- A Council Resolution approving expenditure for implementation purposes

#### **For purchase of Land:**

- A copy of the executed Offer to Purchase
- The name of the lawyer who will be completing the land acquisition and to whom the Financial Trustees will pay the funds to in order to close the purchase
- A Council Resolution approving the land purchase and Offer to Purchase

Unless and until the amount of land set apart as Reserve has been increased by 9,637 acres of land, the amount of capital in the Implementation Account can not be less than \$49,800,000.00 less the value of any Treaty Entitlement Land purchased by the Trust.

In the first 25 years, the Implementation Account has a "Floor Value" of \$25,000,000.00. No distributions, other than for the purchase of Land, can be made if such distribution should result in the value of the Implementation Account falling below \$25,000,000.00.

### **Peguis TLE Implementation Office**

The Peguis TLE Implementation Office was opened in 2009 and the primary responsibilities of the Office are:

- To ensure the successful purchase and selection of 166,794 acres of land to be converted to Reserve Land, which includes 55,038 acres of Crown Land and 111,756 of Private Land
- To develop a Strategic Plan to purchase TLE land

- To ensure land selection and acquisition procedures and principals are met
- To monitor the conversion of land to Reserve status
- To ensure Peguis First Nation meets its responsibilities and obligations under the Treaty Land Agreement
- To provide advice and administrative support to the TLE Trust

### **Annual Peguis TLE Implementation Budget**

Under the terms of the Trust Agreement, Council prepares an Annual Budget for the expenses relating to the implementation of the Treaty Entitlement Agreement., including required staff, equipment, travel or other administration costs pertaining to the acquisition of land, site inspections, land appraisals, general legal services, monitoring and Reserve creation process approved by the Council. For 2013, the TLE Budget was \$370,956.00.

### **Land Purchased in 2013**

The Peguis TLE Office and the Land Selection Advisory Committee have been busy working on identifying lands for purchase. People are approaching the Peguis TLE Implementation office with potential lands opportunities for purchase. The Peguis TLE Office did look at certain lands for purchase in 2012 and Council provided the Financial Trustees with Funding Directions totaling \$25,792,092 for land purchases and related acquisition costs.

### **Opening Values – January 1, 2013** (per the 2012 Financial Statements at December 31, 2012)

Cash or Cash equivalent	\$ 974,855.00
Bonds	\$16,982,729.00
Stocks	<u>\$43,279,937.00</u>
<b>TOTAL VALUE</b>	<b><u>\$61,237,521.00</u></b>

### **2012 Income and Expense Summary**

Investment Income	\$1,816,730.00
Gain on disposal of investment (realized)	\$2,209,671.00
Unrealized Capital Gains as at December 31, 2012	(\$ 95,386.00)
<b>Total Income Received</b>	<b><u>\$4,011,345.00</u></b>

### **Less Trustee Authorized Expenses**

Annual General Meeting	\$ 7,987.00
Royal Trust Corporation – Custody and Corporate Trustee fee	\$ 103,668.00
Peguis Financial Trustees – Honoraria	\$ 16,600.00
Peguis Financial Trustees – professional development	\$ 24,953.00
Peguis Financial Trustees and administrative staff – travel	\$ 9,847.00
Investment and Trust Consulting fees	\$ 35,927.00
Investment Managers fees	\$ 160,850.00
Professional fees	\$ 12,215.00
Peguis Trust Office expenses	\$ 3,680.00
Peguis Trust Office Administrative Assistant	\$ 4,520.00
Peguis TLE Implementation Budget	\$ 393,228.00
Peguis TLE Land Purchases	\$25,792,092.00
<b>Total Authorized Trustee Expenses</b>	<b><u>\$26,565,567.00</u></b>

**Excess Income and capital appreciation over expenses** **(\$22,554,222.00)**

We are pleased to report that all expenses and withdrawals from the Trust are in compliance with the Trust Agreement.

**Closing Values as at December 31, 2012**

Cash or Cash equivalent	\$ 883,303.00
Bonds	\$12,073,611.00
Stocks	\$25,890,012.00
<b>TOTAL VALUE</b>	<b><u>\$38,846,926.00</u></b>

**The Community Fund Account**

**Purpose of the Community Fund Account**

The Community Fund Account is to be used for the advancement of the interest of and quality of life of Peguis First Nation and its Members through the preservation, enhancement and application of Trust property.

**Authorized Uses for Community Fund Account**

- To supplement or enhance health care related services
- To enhance or promote educational opportunities
- To support assistance to address the special needs of Peguis elders
- For community development and improvement initiatives including infrastructure, equipment or enhancement of recreation facilities
- To preserve the language and cultural heritage
- For Treaty Days, pow-wow and community gatherings
- To acquire, establish, or build a credit union or a bank or a trust company owned by Peguis, also known as Peguis band.
- For housing owned by Peguis, also known as Peguis band.
- To promote or establish business or commercial operations beneficial to the members
- For any other activity beneficial to the Peguis Community members

**Process for Paying Community Fund approved Applications**

Community Fund Trustees and or supporting Council BCR must provide the Trustee with a Funding Direction, which contains the following:

- A description of the Expenditure Beneficial to the Beneficiary for Community Purposes
- A description of the manner in which the funds will be applied
- when and to whom the funds will be paid, the anticipated completion date
- the amount and source of other funds received
- a description of any charges or security arrangements
- depending on the amount a Community Fund Trustees Ordinary Resolution, Council Resolution or Members Ordinary Resolution approving the Expenditure

- under the discretion of the community fund trustees, all business application or recurring funding request may require a police check, credit bureau, drug test and personal character reference for all individuals identified on the application

### **Community Fund Approval Authorities**

All funding applications are reviewed and discussed by the Community Fund Trustees or a review committee thereof. As per the terms of the Trust Agreement, the following approval authorities are required to approve:

- Applications for funding up to \$55,678.46 may be approved by the Community Fund Trustees
- Applications for funding over \$55,678.46 and up to \$162,657.21 must be recommended by the Community Fund Trustees and approved by Chief and Council
- Applications for funding over \$162,657.21 must be recommended by the Community Fund Trustees with the concurrence of Chief and Council and approved by the Members at a meeting of Members.

### **Important Dates Relating to the Funding Application Process:**

- Applications for funding can be made up to December 31<sup>st</sup> annually.
- The Community Fund Trustees will review all qualified applications by February 28<sup>th</sup> annually.
- Any applications that must be reviewed by Chief and Council and the Members will be reviewed at a meeting of Members called by no later than April 15<sup>th</sup> annually.
- Allocation of funding amounts to successful applicants will commence starting by April 30<sup>th</sup> each year to December 31 of the same year unless written extension request with valid reason is submitted.

### **Guidelines for Grant Grading System**

- 35% of funds available will be used for business initiatives with emphasis on viable businesses that provide employment to community members.
- 30% of funds available will be used for Youth initiatives
- 20% of funds available will be used to support Community activities, organizations and clubs
- 10% of funds available will be used for Elders initiatives
- 5% of funds used for Health initiatives

### **2013 – Expenditure Applications Approved**

In 2013, the Community Fund Trustees approved the following applications

<b>Applicant</b>	<b>Description</b>	<b>Amount</b>
Peguis Senior Centre	Elders Dinner	\$ 2,500.00
Virginia Sutherland	Private Business	\$ 6,000.00
Karen Wilson - Clifford Maytawashing Memorial Square	Donation	\$ 500.00
Sheena Walker	Private Business	\$ 10,000.00
Floyd Sutherland - Kewatino Beneshi Matotowin	Donation	\$ 500.00
Dale Flett	Private Business	\$ 6,000.00



Melvin Bear	Private Business	\$ 10,000.00
Maurice Bear	Private Business	\$ 15,000.00
Parental & Community Engagement Program	Elders Program	\$ 12,000.00
Peguis Recreation & Leisure Centre	Winter Carnival	\$ 5,000.00
Peguis Central School	Fashion Show	\$ 2,500.00
Peguis Community Garden Project.	Garden Project	\$ 2,500.00
Peguis Junior B's Hockey Club	Championship	\$ 3,600.00
Peguis Health Service	Baby Show	\$ 1,000.00
Louise McCorrister	Sun Dance	\$ 1,400.00
Floyd Sutherland	Sun Dance	\$ 1,900.00
Peguis Powwow Committee	Powwow	\$ 500.00
Peguis Employment & Training	Youth Work	\$ 5,000.00
PFN Training & Employment	Training Building - RRCC	\$ 21,852.00
Iona Sutherland	Ojibwe Immersion	\$ 7,450.00
<b>TOTAL</b>		<b>\$ 115,202.00</b>

As these distributions were all less than \$55,678.46 Council approval was not required.

Total Grants Approved to Date – TOTAL \$246,154.00

#### **Off-Reserve Community Fund**

There is a forthcoming election process to be called by Chief & Council to fill the position of off-reserve community fund trustee.

#### **Other plans or projects for the next year**

\$188,000 is available for approval for applications that have been submitted before December 31, 2013 deadline date.

#### **Opening Values – January 1, 2013** (per the 2012 Financial Statements at December 31, 2012)

<b>Opening Balance of January 1, 2013</b>	<b>\$5,484.413.00</b>
<b>Revenue Earned (2013)</b>	<b><u>\$ 726,624.00</u></b>
<b>Balance Ending December 31, 2013</b>	<b>\$6,211,037.00</b>

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#### **2013 Income and Expense Summary**

Investment Income	\$ 179,467.00
Taxable capital gains (50% of Realized Capital gain of \$8,068.00)	\$ 151,058.00
Other Gains	<u>\$ 573,289.00</u>
<b>Total Income Received</b>	<b><u>\$ 903,814.00</u></b>

**Less Trustee Authorized Expenses**

Royal Trust Corporation – Custody and Corporate Trustee fee	\$ 10,204.00
Peguis Community Fund Trustees – Honoraria	\$ 23,300.00
Peguis Community Fund – professional development	\$ 900.00
Peguis Community Fund – travel for Trustees and administrative staff	\$ 5,543.00
Investment and Trust Consulting fees	\$ 3,778.00
Investment Managers fees	\$ 21,062.00
Peguis Trust Administrative Assistant	\$ 4,520.00
Peguis Trust Office expenses	\$ 4,317.00
Professional Advisors	\$ 1,167.00
Community Project	\$ 102,399.00
<b>Total Authorized Trustee Expenses</b>	<b><u>\$ 177,190.00</u></b>
 <b>Net Income (deficiency)</b>	 <b>\$ 726,624.00</b>
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We are pleased to report that all expenses and withdrawals from the Trust are in compliance with the Trust Agreement.



***Peguis First Nation  
TLE Trust  
Annual Community Investment Review Summary  
(for period ending December 31, 2013)***

***Market Commentary – “A Year in Review”***

Whether you are a casual observer of stock markets or have a professional interest, you have to admit that 2013 was an exceptional year for equity investors. Amidst a backdrop of weak global economic performance, equities showed extraordinary growth which clearly demonstrated that the stock market and the economy does not necessarily move in tandem with one another. Ironically, the safety of most portfolios is often found through investment in bonds yet for only the third time in over thirty years the bond market was negative, down 1.2% over the year ending December 2013. This was of significance to the Peguis First Nation TLE Trust given the 72% target asset allocation in bonds and cash equivalents. Notwithstanding, the markets disappointing bond returns were more than offset by stellar equity performance, particularly in non-Canadian equities

Although stock markets have advanced considerably faster than global economies the past few years, historically they have tended to be good predictors of where the economy is headed. If market indicators are correct, we can expect to see stronger economic growth emerging from developed markets outside of Canada, which should bode well for both Canada and the emerging markets that supply raw materials. The Canadian dollar, which closed the year at 94.02 cents U.S., down 6.5% from a year ago, is also indicative of a strengthening American economy.

As would be expected following a year of exceptional outperformance by equities, we will be examining portfolio allocations, in keeping with the Peguis First Nation investment policy statement. The periodic rebalancing of portfolios to manage risk and return potential has been most effective in helping portfolios recover from the financial crisis as well as positioning them to profit from the always dynamic investing environment.

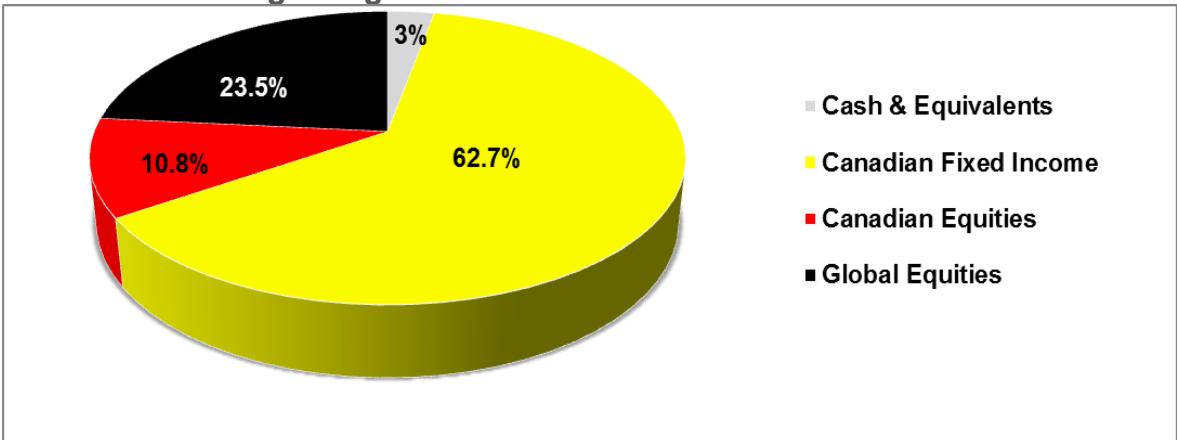
**The Peguis TLE Trust**

T.E Wealth is pleased to report that the combined holdings of the Peguis TLE Trust provided a solid 9.04% return for the year (up \$4,468,795) ending December 31, 2013 and continues to provide a 6.79% return (up \$11,926,826) since the inception of the Trust (per performance charts below).

On a relative basis, the Trust performance has outpaced the market return on the year and since inception by 2.84% and 1.15%, respectively. Of equal importance, the Peguis TLE Trust is outperforming the Trust’s return objective of 5.5% by 1.29% since inception. This is particularly pleasing given the significant allocation to bonds during a year when the bond market was down 1.2% as mentioned.

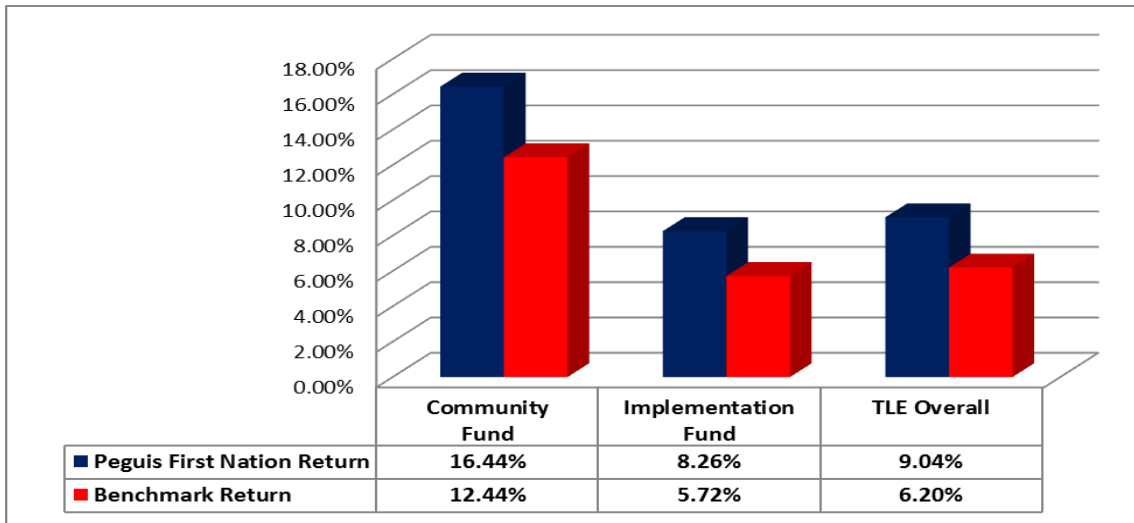
When comparing the manager’s asset class performance to their peers, the Trust’s Canadian equities ranked in the 1<sup>st</sup> quartile or top 25% of managers when compared to the Mercer’s peer group universe. The Trust’s Fixed Income (bonds) and U.S equity rank in the 2<sup>nd</sup> quartile or top 50% and while the Trust’s International equities have been a challenging asset class (ranked as a 4th quartile performer), they continued to provide a return of 22.36% over the year.

**Combined Holdings: Peguis First Nation Trust**

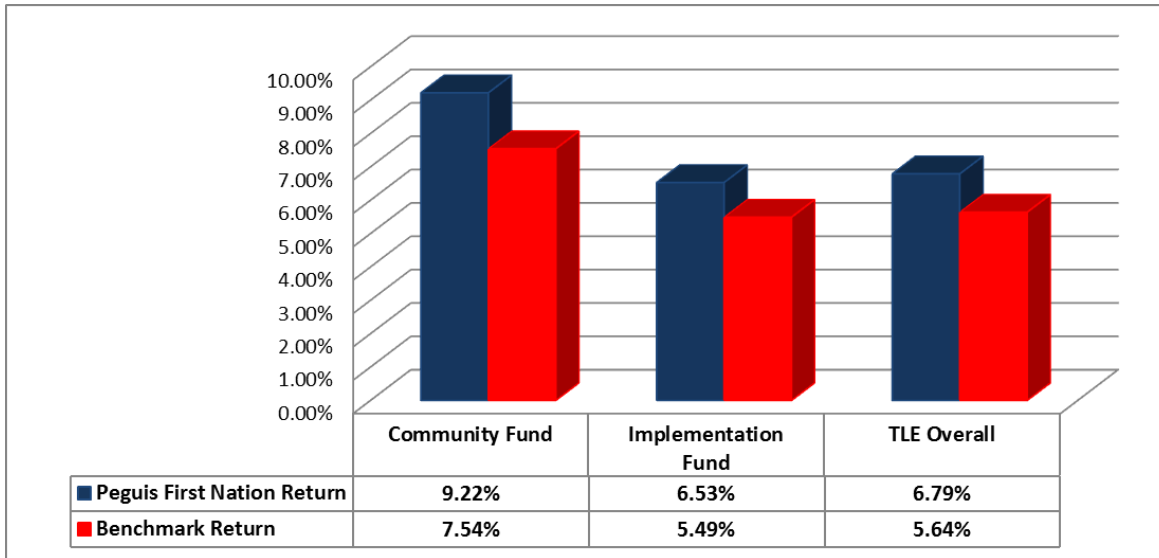


	Cash & Equivalents	Canadian Fixed Income	Canadian Equities	Global Equities
Current (%)	3.0%	62.7%	10.8%	23.5%
Target (%)	5.0%	67.0%	10.0%	18.0%
Ranges	0%-10%	63%-73%	5%-15%	13%-23%

### Annual Rates of Return Summary as at Dec. 31, 2013



### Inception Rates of Return Summary as at Dec. 31, 2013



### Portfolio Valuation Summary for 12 Months ending Dec. 31, 2013

	Community Fund	Implementation Fund	TLE
Starting Value	\$5,532,023	\$61,777,438	\$67,309,461
Net Transfers	-\$155,202	-\$26,236,549	-\$26,391,750
Appreciation	\$856,632	\$3,612,164	\$4,468,795
Ending Value	\$6,233,453	\$39,153,053	\$45,386,505

## Portfolio Valuation Summary since Inception (Q3/10) as at Dec. 31, 2013

	Community Fund	Implementation Fund	TLE
Starting Value	\$5,150,473	\$57,647,913	\$62,798,386
Net Transfers	-\$450,237	-\$28,888,468	-\$29,338,706
Appreciation	\$1,533,217	\$10,393,608	\$11,926,826
Ending Value	\$6,233,453	\$39,153,053	\$45,386,506

\*\*Valuations may differ slightly to other financial reporting as a result of differences in accrual rates and foreign exchange conversion rates.

### *In Closing*

T.E. Wealth considers it a privilege and an honor to support the Trustees of the Peguis First Nation TLE Trust and we are pleased to confirm that the Trust portfolio continues to outperform all of its performance targets over the year and since its inception.

T.E. Wealth will continue to apply a due diligent process in the monitoring of the investment managers and will advise the Peguis First Nation Trustees on an ongoing basis as to the manager's status relative to expectations. We continue to recommend the employment of Mawer Investment Management, Beutel Goodman Investment Counsel and TD Asset Management for the investment management of the portfolios of the Peguis First Nation (TLE) Trust.

**For further information or clarification, please contact:**

Jack Jamieson, T.E. Investment Counsel Inc., 20 Erb Street West, Suite 501, Waterloo, Ontario,  
(B) 519-888-0537, Email: [jjamieson@teic.com](mailto:jjamieson@teic.com)

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**Conclusion**

We are honoured to act as Trustees for the Peguis First Nation Trust and look forward to working with Council and the Community for many more years to come.

Respectfully submitted,

**2012 Financial Trustees – Peguis First Nation Trust**

  
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Stephen Daniels – Chair

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Sharon Stevenson

\_\_\_\_\_  
Annette Spence

  
\_\_\_\_\_  
Diane Bear

\_\_\_\_\_  
Carrie Sutherland (Sherry)

\_\_\_\_\_  
Sangita Bhalla, Royal Trust Corporation  
of Canada

**2012 Community Fund Trustees – Peguis First Nation Trust**

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Lloyd Sinclair - Chair

\_\_\_\_\_  
Ralph Sutherland

\_\_\_\_\_  
Barry Bear

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Freda Bear

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