



Peguis First Nation Treaty Land Entitlement TLE Trust

2017 Trust Administration Report

Financial Trustees: Stephen Daniels, Diane Bear, Sharon Stevenson, Carrie Sutherland, and Sangita Bhalla, RBC

And

Community Fund Trustees: Lloyd Sinclair
Ralph Sutherland, Barry Bear, and Freda Bear

**PEGUIS FIRST NATION TRUST
ANNUAL TRUST REPORT FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2017**

Background

The Peguis First Nation Trust entered into a Treaty Entitlement Agreement with Canada and the province of Manitoba whereby Peguis First Nation is entitled to select and acquire up to 166,794 acres of additional land as Reserve. To fulfil its obligations, Canada has agreed to pay Peguis First Nation the sum of \$64,425,000.

By Ratification Vote held on September 7, 2007, Peguis First Nation approved the Peguis First Nation Trust Agreement.

In 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.



Treaty #1 signing

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 expenditures of the Implementation Account and the Community Fund Account, as well as the investments for the Trust.

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. The Financial Trustees distribute the Trust Property in accordance with the Funding Directions issued by Council and/or the Community Fund Trustees, as the case may be. The Implementation Account is to be used to acquire land to be registered in the name of Peguis, as well as, to cover discharging

expenses associated with the purchase of land and other implementation administration expenses of the Treaty Entitlement Agreement.

The Financial Trustees for the Trust are: Stephen Daniels, Sharon Stevenson, Diane Bear and Carrie Sutherland. Under the terms of the TLE Trust Agreement at least one Community Fund Trustee must be located off Reserve. There is a vacancy for this position currently.

The Trust Agreement calls for Council to appoint two additional Trustees, one of which must be either a lawyer or a Trust Company and the other Trustee a chartered accountant. Council appointed Royal Trust as the Corporate Trustee. Council is currently in the process of selecting a potential chartered accountant to act as Financial Trustee for the Trust.

The Community Fund Trustees

The Community Fund Trustees identify and determine or recommend to Council or to Council and the Members “Expenditures Beneficial to Peguis First Nation” from 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. The Community Fund Trustees have no responsibility for the financial administration of the Peguis First Nation Trust.

Freda Bear, Barry Bear, Ralph Sutherland, Lloyd Sinclair, Chair are the elected Community Fund Trustees.

Under the terms of the TLE Trust Agreement, at least one Community Fund Trustee must be located off Reserve. There is currently a vacancy for this position. There is a forthcoming election process to be called by Chief & Council to fill the position of off-reserve community fund trustee.



National Elders Gathering 2017

Financial Trustee Report 2017

Administration Office

The Peguis TLE Trust Financial Trustees are happy to announce that we have hired Fern Sinclair as our full-time Trust Administrator, as of December 27th, 2017. We welcome Fern to the TLE Trust and look forward to her support with our administration, community engagement and provision for the Trustees and beneficiaries.



Fern Sinclair, Trust Administrator

We would also like to acknowledge the many years of support and development that Debbie McElhinney has provided to the TLE Trust and the Trustees. Debbie has helped the TLE Trust grow and develop from our infancy to become a well-known and managed Trust. We thank her for her selfless contribution and wish her well in her full-time position with the Peguis Surrender Claim Trust. *Kiche Migwetch.*

Trust Balance

The Financial Trustees are also pleased with the overall financial investments of the TLE Trust. Our Trust Balance at December 31st, 2017 is **\$49,162,853**.

Investment Management

The Peguis TLE Trust continues to utilize the services of TE Wealth for their independent Trust advisory and investment consultation. It is with their support and guidance that we continue to grow and learn about the investment and trust industry so that we can make a difference for our beneficiaries.

The investment of millions of dollars in the TLE Trust takes professional management and decision making from well selected and successful investment managers. We are thankful to continue to secure and utilize the services of Mawer Investment Management, Beutel Goodman Investment Counsel and TD Bank Bond Indexing Fund. These managers are tops in their field and out perform their peers. May they keep up the good work and keep making money for the TLE Trust. We thank them for their ten years of service and support to Peguis.

Professional Development

The Peguis TLE Trustees pursue professional development to assist them with their duties and roles for the benefit of the beneficiaries and Trust. With the developments in the Trust industry and increasing information within the investment industry, it is imperative and proactive that the Trustees be kept abreast of changes and new information that can benefit the Trust and/or community.

AFOA Canada National Conference – was attended by the Financial Trustees to gain information on the financial developments within Canada and First Nations. With over 1200 indigenous delegates from across the country, Trustees were able to network with other first nation delegates, discuss opportunities with Banks and Financial Institutions and become aware of new offerings from AFOA Canada and Governments. AFOA Canada has developed a Trust component within its mandate to support First Nations. This training and information is available at the Conferences and to the communities.

NATOA National Conference – the National Aboriginal Trust Officers Association (NATOA) hosts an annual conference each year for the benefit of community trusts and first nations considering setting up a trust. In 2017, Peguis was asked to do a presentation on Youth Engagement for the delegates. Sharon Stevenson worked with the Peguis Youth Movement and the Peguis Youth Hunters & Gatherers programs to prepare a presentation and escort the youth. NATOA was also thankful to have the Peguis youth assist them with conference preparation and set-up.



Hay Harvesting

The Implementation Account

Opening Values

As at January 1, 2017, the opening value of the Trust was \$ 48,255,550.00

2017 Income and Expense Summary

Total Income Received	\$1,926,138
Less Authorized Expenses	
Annual General Meeting	\$ 4,820
Honoraria	17,286
Investment Consulting Fees	27,211
Trust Office	10,829
Professional Fees	8,509
TLE Implementation Budget	495,107
Portfolio Management Fees	144,433
Royal Trust, Trustee Fees	79,669
Professional Development	20,093
Travel	19,392
Total Authorized Expenses	\$ 827,349
Land Purchase & Real Estate Costs	\$ 541,328
Surplus (Deficit)	\$ 557,461

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

Closing Values

As at December 31, 2017, the closing value of the Implementation Account is **\$ 43,253,316.**



Peguis Jr B Hockey Provincial Champions

Authorized Uses of the Implementation Account

- To purchase land 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, purchase transaction, holding, tax adjustment and incidental costs, including agents, representatives 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 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

The Process for Paying Expenditures and the Purchasing of Entitlement Land

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

For paying 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 and a description of any charges or security arrangements
- A Council Resolution approving expenditure for implementation purposes

For purchase of Entitlement 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 capital 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.



1075 Portage Avenue, Winnipeg

The Community Fund Account

Opening Values

As at January 1, 2017, the opening value of the Community Fund Account was \$ 6,704,974.

2017 Income and Expense Summary

Income Received

Total Income Received **\$581,087**

Less Authorized Expenses

Annual General Meeting	6,047
Trust Office Expenses	10,000
Salaries and Benefits	18,455
Professional Fees	9,296
Investment Consulting Fees	6,679
Royal Trust, Corporate Trustee Fee	13,366
Investment Managers Fees	24,962
Professional Development	18,681
Travel	10,226
Honorarium	<u>29,231</u>

Total Authorized Expenses **\$149,594**

The Community Fund also distributed **\$338,773** in Community Distributions

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

Closing Values

As at December 31, 2017, the closing value of the Community Fund Account is **\$ 5,999,401**.



Peguis Lighthouse Program

Community Fund Trust 2017 AGM Report

Peguis TLE Community Fund Trustees want to ensure that we value your input and support youth committees and young entrepreneurs. We would like to thank all applicants for submitting applications and look forward to reviewing future endeavors.

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 Expenditures for Community Purposes

- 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 to be owned by Peguis, also known as the Peguis band.
- For Housing
- To promote or establish business or commercial operations beneficial to the members
- For any other activity, beneficial to the Peguis Community members

The Process for Paying Expenditures for Community Purposes

The Community Fund Trustees and/ or Council may deliver a Funding Direction to the Financial Trustees, 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 and a description of any charges or security arrangements
- An Ordinary Resolution by the Community Fund Trustees approving or recommending any Expenditure Beneficial to the Beneficiary for Community Purposes

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 (increase yearly by inflation) are required to approve:

- Applications for funding up to \$59,427.40 (\$50,000.00) may be approved by the Community Fund Trustees
- Applications for funding over \$59,427.40 (\$50,000.00) and up to \$178,282.21 (\$150,000.00) must be recommended by the Community Fund Trustees and approved by Chief and Council
- Applications for funding over \$178,282.21 (\$150,000.00) 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 31st annually.
- The Community Fund Trustees will review all qualified applications by February 28th 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 15th annually.
- Allocation of funding amounts to successful applicants will commence starting by April 30th 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



Chief Peguis Canoe Club

2017 – Expenditure Applications Approved

In 2017, the Community Fund Trustees approved and paid the following applications:

Applicant	Description	Amount
Misty Bear	Carter Bear Athletic Development	\$ 1,500.00
Ray Mason	Cost associated in publishing a book	\$ 5,000.00
Ryan G. McCorrister	Purchase of Dump Truck	\$ 3,000.00
Peguis First Nation Band	Peguis Mohawks Hockey Playoffs	\$ 10,000.00
Peggy Sutherland	Supplies for sewing business	\$ 2,950.00
Russell Cameron	Equipment for Harvesting Business	\$ 10,000.00
Peguis Training & Employment	2017 Summer Youth Work Experience Program	\$ 25,000.00
Pamela Favel	Emerson Favel's Athletic Development	\$ 1,000.00
Manitoba Aboriginal Sports & Rec	Peguis Athletes for NAIG 2017 Team MB	\$ 10,000.00

Yvonne Houle	Life Coaching Training	\$ 479.00
Peguis MultiPlex	Jr B's Opening Game	\$ 5,000.00
Peguis Jr B Hockey Club	Team Sticks	\$ 5,000.00
Stephanie McCorrister	Karlee McCorrister's Athletic Development	\$ 1,000.00
Stephanie McCorrister	Sophie McCorrister's Athletic Development	\$ 1,000.00
Ramona Favel	Jayden Favel's Athletic Development	\$ 1,000.00
Manitoba Aboriginal Sports & Rec	Emily Daniels 2017 Team MB National Aboriginal Hockey Championships	\$ 2,000.00
Peguis Two Nation Hockey Club	3 rd Annual Tournament	\$ 5,000.00
Ryan Slater	Rain Slater's Athletic Development	\$ 3,000.00
Karl Wagner	2 Tantum Dump Trucks	\$ 7,000.00
Peguis Two Nation Hockey Club	Two Nation Tournament for 6 Teams	\$ 6,000.00
Ray Thomas	Seneca Root Business	\$ 3,000.00
Peguis Peewee Red 2 Minor Hockey Team	Track Suites	\$ 525.00
Lydia Leeanne Peebles	Fishing Licence	\$ 10,000.00
Eric Wilson	Concession Equipment	\$ 3,000.00
Brittany Sutherland	Elite Arm Wrestling Development	\$ 3,000.00
Brittany Sutherland	National Arm Wrestling 3 Children: Cora, Carter, Conner	\$ 3,000.00
Connie Cameron	National Arm Wrestling Ethan Cameron	\$ 1,000.00
Candace Thomas	National Arm Wrestling Diamond Thomas	\$ 1,000.00
Candace Thomas	National Arm Wrestling Elizabeth Thomas	\$ 1,000.00
Anita Spence	National Arm Wrestling Hannah Spence-Thomas	\$ 1,000.00
Anita Spence	National Arm Wrestling Kayla Spence-Thomas	\$ 1,000.00
Clement Travel	NATOA Conference Peguis C& C	\$ 2,148.30
Dory Favell	Favell's Auto Service	\$ 15,000.00
NATOA	Conference Registration Peguis C&C	\$ 4,500.00
Roland Sinclair	Elite Hockey Darian Sinclair	\$ 885.00
Winona Morrison	2 Athletes for Wolverines Wrestling Team	\$ 2,000.00
Peguis Hunters & Gatherers	Youth Presentation at NATOA	\$ 700.00
Peguis Youth Movement	2 Youth to present at NATOA	\$ 700.00
Janice Sinclair	Sewing Equipment for Business	\$ 5,000.00
Peguis Anglican Church	Peguis Days Service & Picnic in Selkirk	\$ 1,500.00
Whelan Sutherland	P3W Consulting	\$ 15,000.00
Peguis Gaming Commission	Treaty Days 2017	\$ 20,000.00
Peguis Pow Wow Committee	Pow Wow Competition 2017	\$ 5,000.00
Philip Sinclair	Equipment for First Nation Redimix Concrete	\$ 10,000.00

Fabian Cochrane	Equipment for Roofing & Siding	\$ 10,000.00
Stephanie Bear	Tyrese Bear's Goalie Camp	\$ 958.00
Peguis School Board	Highest Academic 2017 Award Grade 12	\$ 3,000.00
Garry McCorrister	2017 Cultural Event	\$ 500.00
Peguis Health Services	Elder's Gathering	\$ 10,000.00
Adam Spence	Treaty Auto Business	\$ 15,000.00
Charlene Bear	Lynden McCorrister's Athletic Development	\$ 3,000.00
Donna Beyer	Meeya Beyer's Tuition	\$ 1,500.00
Doug P. Bear	Auto Shop Building	\$ 5,000.00
Peguis Gaming Commission	4 NAIG 2017 Athletes	\$ 2,000.00
Peguis First Nation	Peguis New Horizon	\$ 4,920.00
Leslie Daniels	Purchase of Tow Truck	\$ 5,000.00
Stuart Manningway	Hockey Development Ayden Manningway	\$ 12,100.00
The Sun Lodge (Garry McCorrister)	Phase II Where The Bear Sits	\$ 10,000.00
Peguis School Board	AFOA Youth Conference	\$ 4,100.00
Derrick Daniels	Ethan Flett's Athletic Development	\$ 1,500.00
Misty Bear	Conner Bear's Athletic Development	\$ 1,500.00
Cheryl Bear	Colby Bear's Athletic Development	\$ 1,500.00
Peguis MultiPlex	Equipment Purchase & Zamboni Repair	\$ 12,158.00
Cheryl Kretzman	Mathew Mason-Vandal's Athletic Development	\$ 1,500.00
Connie Cameron	National Arm Wrestling Ethan Cameron	\$ 1,500.00
W. Darren Bear	Shayne Bear's Athletic Development	\$ 1,500.00
TOTAL		\$ 323,123.30

Total Grants Approved Ending December 31, - \$951,711.65

YEAR	FUNDED AMOUNTS
2010	\$50,000.00
2011	\$51,303.67
2012	\$22,500.00
2013	\$115,202.00
2014	\$263,819.50
2015	\$223,656.90
2016	\$225,229.58
2017	\$323,123.30

Professional Development

In 2017, Freda Bear and Barry Bear attended the AFOA Conference on February 7-9th, 2017 at Calgary, Alberta and the NATOA Conference on June 1-2nd, 2017, Vancouver, BC. Lloyd Sinclair attended the CANDO Conference on October 22-24th, 2017, New Brunswick.

The professional development requirements aid in the continuous learning process, ensuring Trustees are aware of events that may affect the Trust, to be kept abreast of changes within the trust and investment industry and it provides an opportunity to meet with Trustees from other First Nations and discuss Trust experiences.

Application Workshops

The Peguis TLE Trustees continues to have workshops and information sessions on the Handbook and Guidelines to PCS students, Community Workshops in Peguis and Selkirk and with PDC, Training & Employment Youth & Wellness Workers.

2017 Highlights

The Peguis TLE Trustees partnered with the Peguis Surrender Claim Trust and Peguis Health Services for the Elders Gathering.

The Peguis TLE Trustees partnered with the Peguis Surrender Claim Trusts to sponsor the NAIG 2017 Athletes, NATOA, AFOA Conferences with Youth Presenters from the Hunters & Gatherers and Youth Movement.

The Peguis TLE Trustees continue partnering with the Peguis Surrender Claim Trusts with Students/Youth and Wellness placements.

The Peguis TLE Trustees continue partnering with the Peguis Surrender Claim Trusts for the Peguis Annual Treaty Days Parade.

The Peguis TLE Trustees continue partnering with the Peguis Surrender Claim Trusts to promote awareness of employment at the Annual Peguis Career Fair.

Peguis TLE Implementation Office

Nathan McCorrister is the TLE Executive Director for TLE Implementation office to assist Council with the acquisition of Treaty Entitlement Land. As Executive Director for TLE Implementation, Nathan's primary duties are:

- To ensure the successful purchase and selection of 166,794 acres of land to be converted to Reserve Land
- To develop a Strategic Plan to purchase TLE land
- To support Chief and Council;
- 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;

The TLE 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 2017, the TLE Budget was \$396,085.76 (\$350,000 indexed to inflation).

T.E. Wealth Investment Report

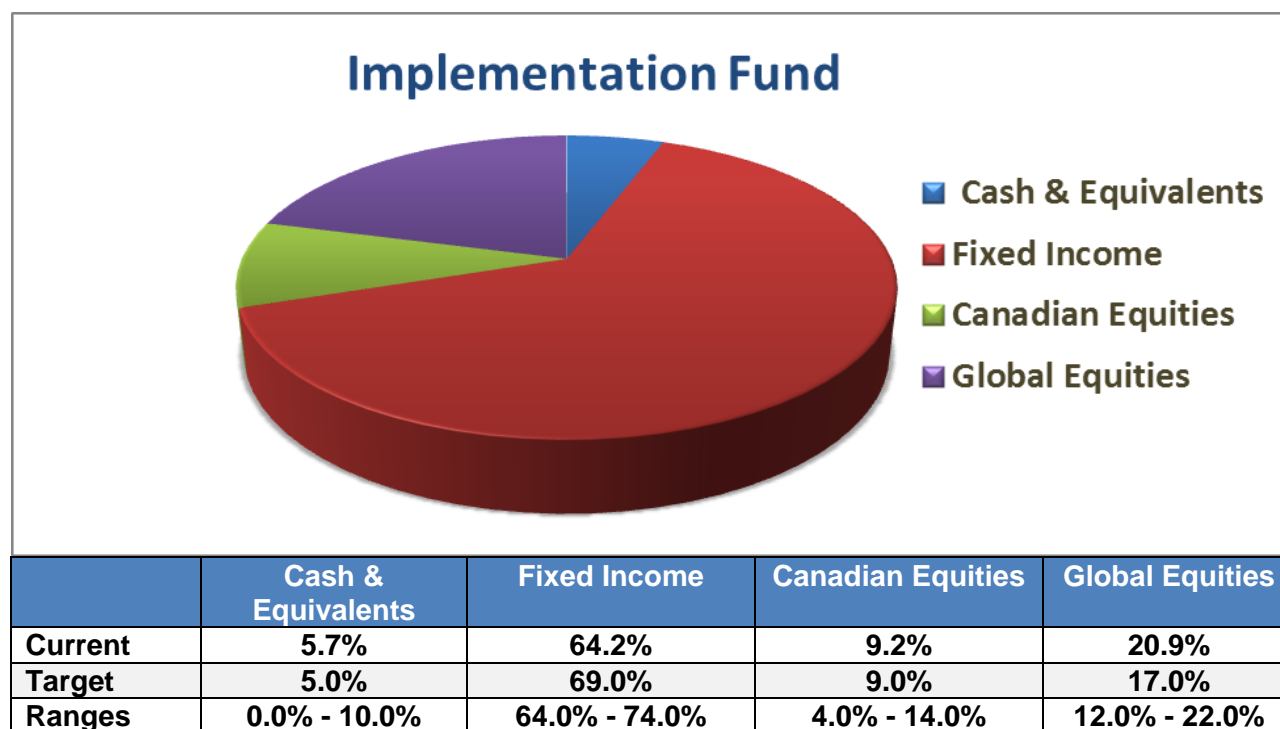
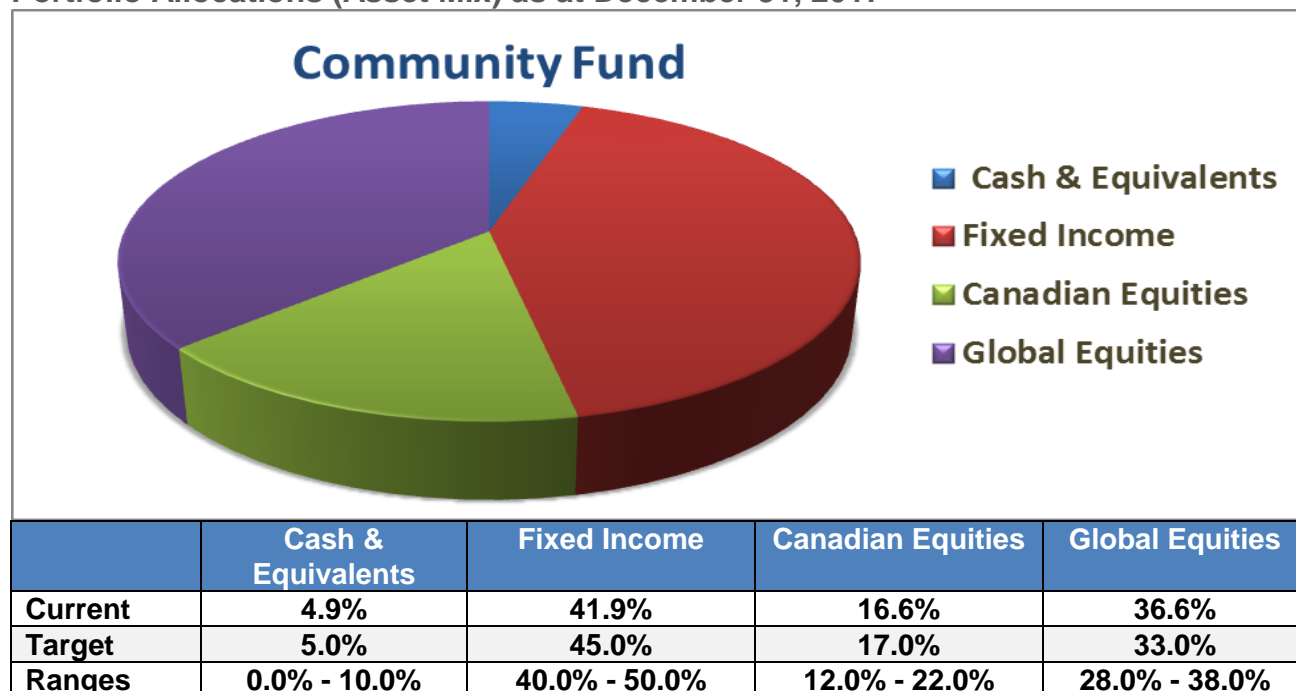
Bolstered by a solid fourth quarter, the year ending December 31st, 2017 stood out as a very good year within the stock market which benefited from strong growth in most global economies around the world. The Peguis TLE Trust was clearly rewarded over the year with gains of 13.40%, 16.22% and 20.83% in its Canadian, U.S. and International stock holdings respectively and in all cases, these individual equity returns have out-performed their respective market benchmark returns for 2017 and continue to do so since the Trust's inception.

It should be mentioned that the Peguis TLE Trust Agreement requires the Trust to hold upwards of 70% in bonds or Fixed Income investments. While the Trust's Fixed Income return of 3.54% remains in-line with the market benchmark since inception, this has had a dampening effect on the overall Trust's performance when compared to the lofty equity returns experienced.

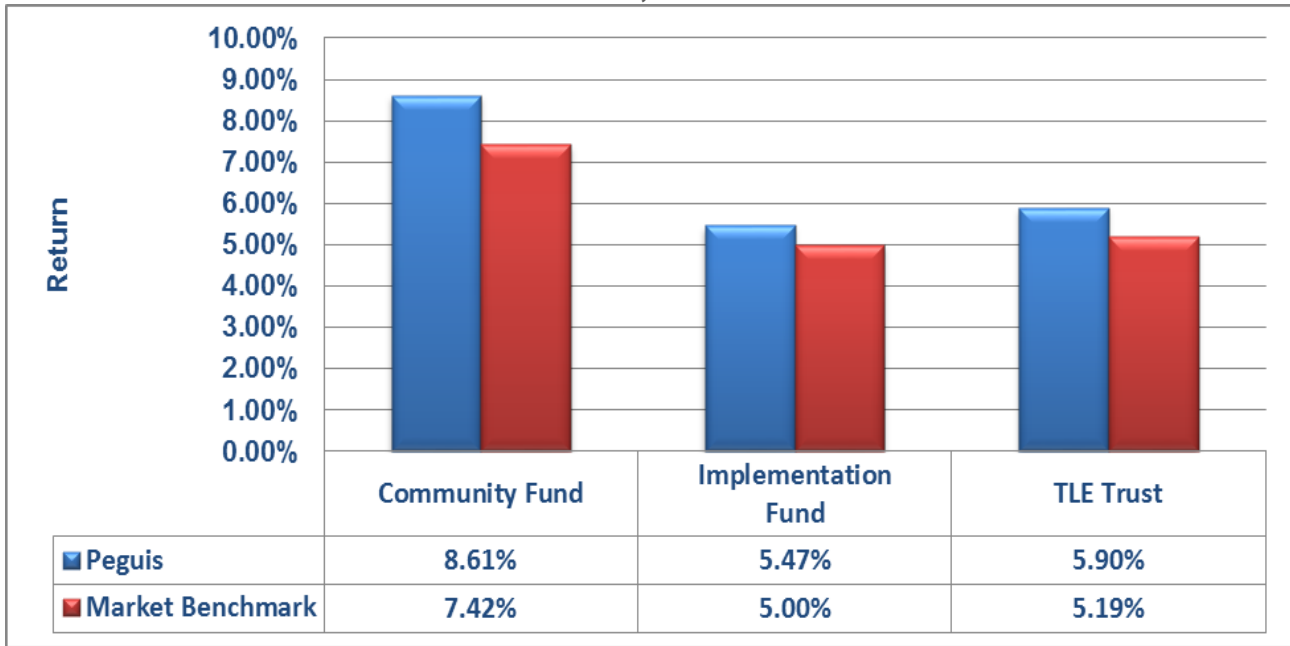
We are pleased to report however that the combined Trust holdings continue to provide above-market returns over the year ending December 2017 and in all reported periods since inception under the investment management of Beutel Goodman and Mawer Investment Management. More specifically, the TLE Trust is up 5.90% over the last twelve months (or a gain of \$2,510,685) and has recognized an average annual return of 6.69% (or a gain of \$22,521,320) since the Trust's inception which has also added value over and above the market benchmark return of

5.76%. We are also pleased to report that the Implementation Fund inception return of 6.42% has significantly outpaced the investment policy's average annual return target of 3.50% + CPI (where CPI or inflation has been 1.64% since inception). Furthermore, the Community Fund's inception return of 8.73% has also significantly outpaced the investment policy's average annual return target of 4.50% + CPI (where CPI or inflation has been 1.64% since inception).

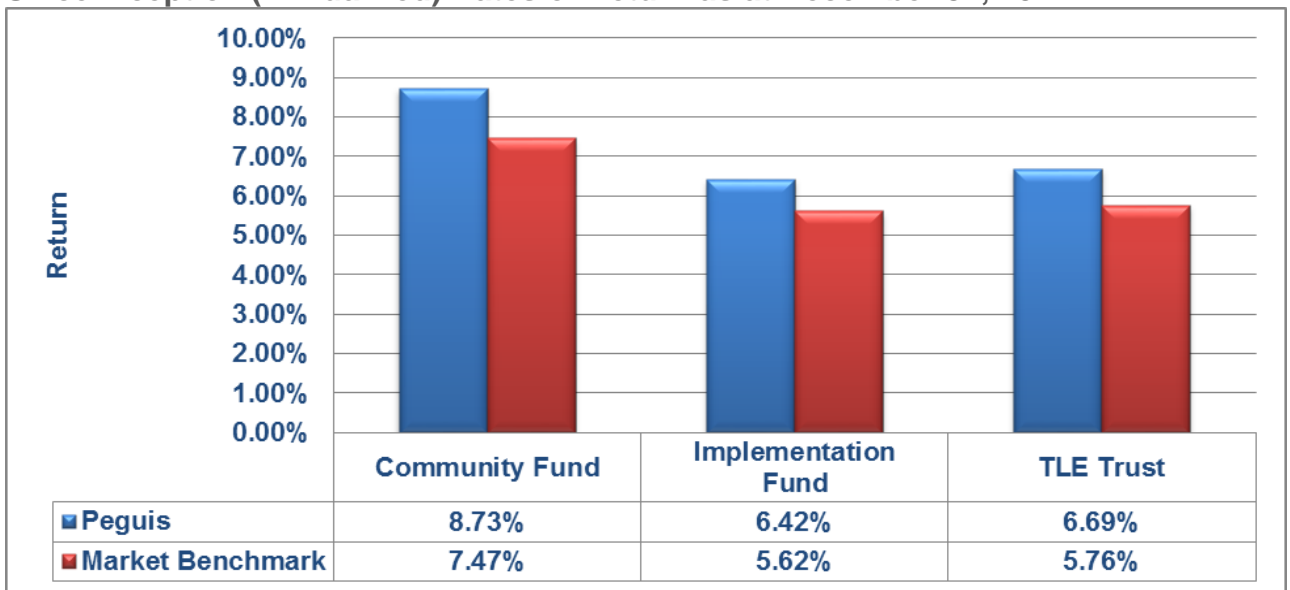
Portfolio Allocations (Asset Mix) as at December 31, 2017



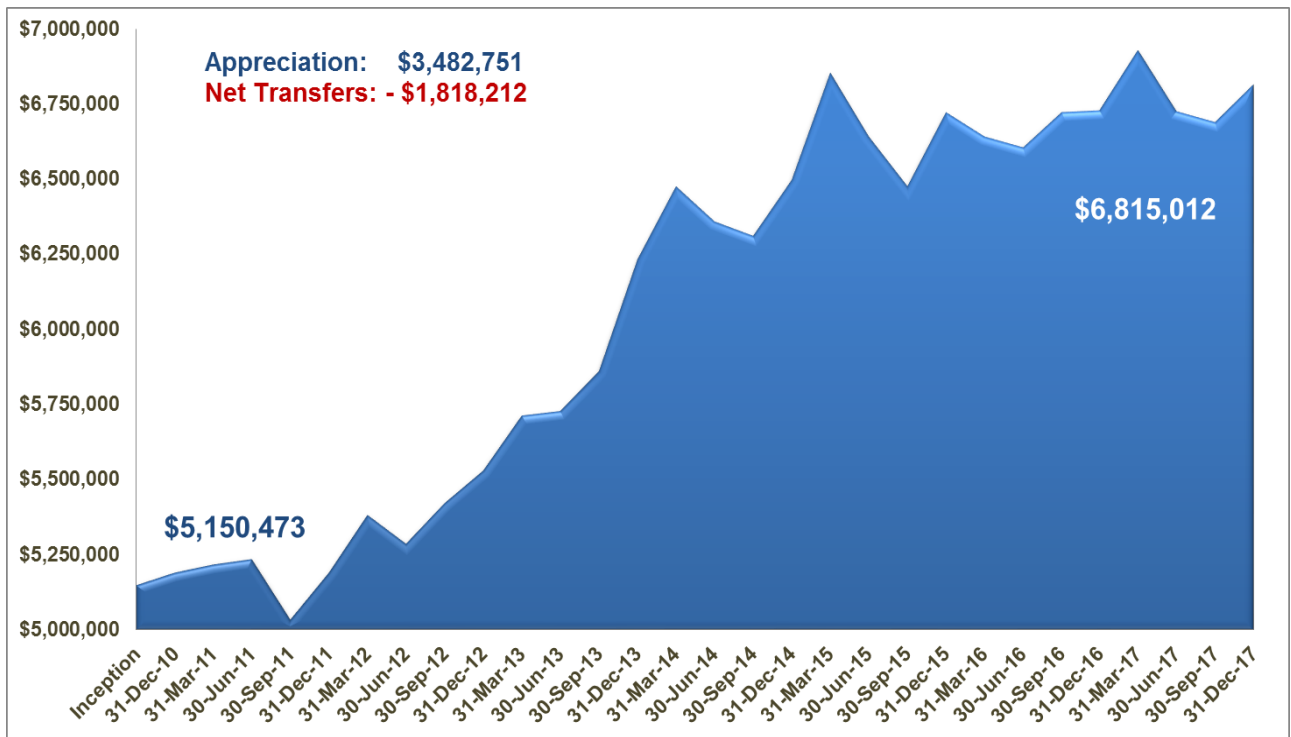
1 Year Rates of Return as at December 31, 2017



Since Inception (Annualized) Rates of Return as at December 31, 2017

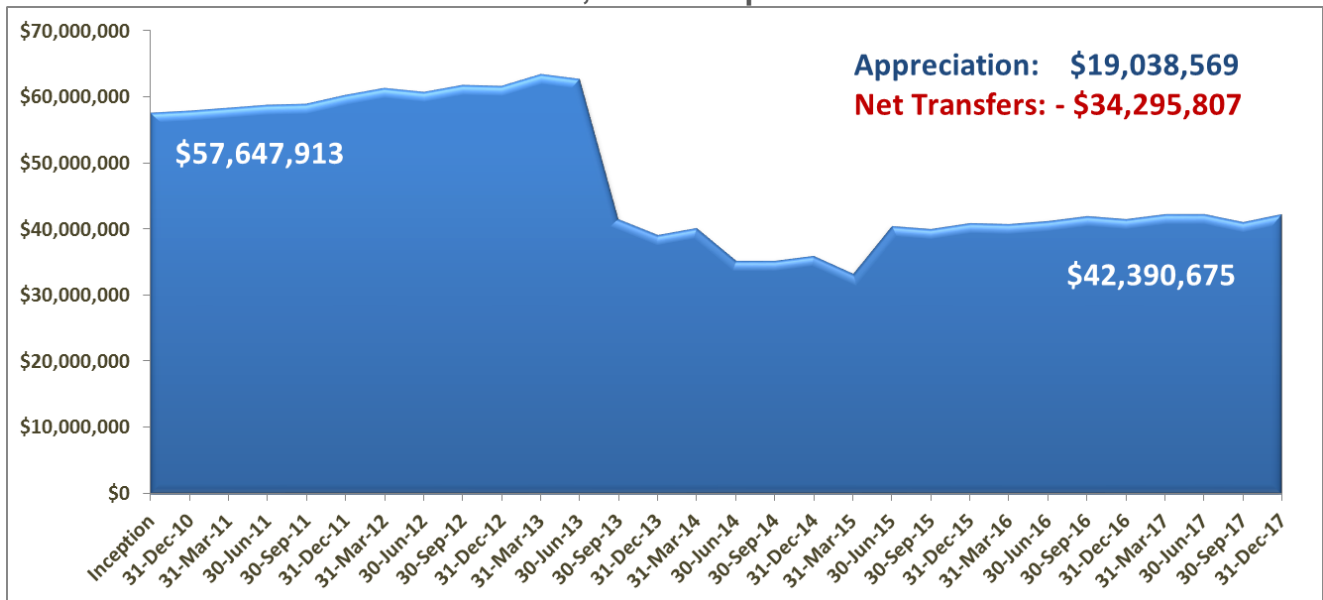


Portfolio Valuation as at December 31, 2017 – Community Fund



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

Portfolio Valuation as at December 31, 2017 – Implementation Fund



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

Top Equity Holdings December 31, 2017



ORACLE



WELLS
FARGO

Tencent



JPMorganChase

AON



VISA

Intertek

On behalf of T.E. Wealth, it remains our honor and pleasure to support the Peguis First Nation. We confirm that the TLE Trust remains in compliance with the Statement of Investment Policies and Guidelines and that T.E. Wealth will continue to apply a due diligent process in monitoring the Trust portfolio relative to expectations.

Conclusion

We are honoured to provide you with our fiduciary services in the administration of the Trust. We look forward to working for you as Trustees for Peguis First Nation TLE Trust for the benefit of the community and future generations.

Respectfully submitted,
Peguis First Nation TLE Trust

Financial Trustees

Stephen Daniels - Chair

Sharon Stevenson

Carrie Sutherland

Diane Bear

Sangita Bhalla, Royal Trust,
Corporate Trustee

Community Fund Trustees

Lloyd Sinclair - Chair

Ralph Sutherland

Barry Bear

Freda Bear



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