



Athlii Gwaii Legacy Trust

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Athlii Gwaii Legacy Trust (AGLT) Report for the Fiscal Year Ended Dec 31st 2017

Pursuant to Sections 2(11) and 36(b) of the Deed of Trust settled as of March 29, 2007 (the “Trust Deed”)

Preamble:

The audited statement of the financial position of the Trust as of December 31st, 2017 can be found under the heading, “AGLT 2017 Financial Statement” on the Trust’s website at: <http://www.aglt.ca>

Over the course of the fiscal year ending December 31st, 2017 (“Fiscal 2017”), the only withdrawals of funds from the Trust’s investment fund (the “Fund”) were expenditures solely for the accumulation of investment income by the Fund, the paying of monthly reoccurring operational expenses related to the accumulation of that income, extraordinary legal expenses in the on-going resettlement of this Trust agreement, and the partial funding of a lone project approved over a year ago. (See Financial Results, Expenses below).

As discussed in previous Operations Reports, the federal and provincial governments have confirmed their intentions to support the transition of the AGLT to a not for profit corporation. In the latest round of negotiations, the two parties have agreed in principle to merge the AGLT into the GTS. This would mean that AGLT would simply become a program within the GTS. In order to facilitate this transition there would need to be additional stand-alone legislation and all the supporting legal work to make this possible.

This new direction would not change the work plan as it takes a holistic approach to funding on Haida Gwaii with the Gwaii Trust and the Athlii Gwaii Legacy Trust as a joint pool of funding available for islanders. Continuing its focus on healthy individuals, healthy communities and a healthy island, the business plan accords support to all three areas with the AGLT funding stream dedicated to funding community initiatives centered on creating economic opportunity.

Granting and expense guidelines will continue to mirror those of the Gwaii Trust Society on a proportional basis, with total expenses restricted to a maximum of 4.0% of assets under administration. However, as the fund has been dormant for many years there has been a significant accrual of income that will result in the Trustees exceeding the 4% maximum until the



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fund's buffer¹ falls to an amount appropriate to sustain expected returns necessary of a perpetual fund.² Today's buffer sits at approximately 39% of the funds under administration.

Projects:

A. Summary and explanation of practices used in review, evaluation and approval of Eligible Projects in the fiscal year ended December 31, 2017.

No call for projects was put out in fiscal 2017, as the Trustees are awaiting for approved legislation to be enacted by the Provincial Government to allow for the collapse of the original entity into the Gwaii Trust Society.

B. Full Listing of all Eligible Projects for which funding by the Trust was funded in the fiscal year ended December 31, 2017.

There were no further projects awarded or expenditures on the sole outstanding project by the Secretariat of the Haida Nation for the compilation of a hard cover book "30th Anniversary of the Stand at Athlii Gwaii", the original amount awarded was \$63,240.00; over the course of the 2017 fiscal year \$10,677.00 was disbursed of the approved amount leaving an outstanding balance of \$39,915.00 yet to be funded. We anticipate that this project's balance would be fully funded during fiscal 2018.

Summary and explanation of the Trust's Statement of Financial Position in fiscal 2017; material changes and points of note.

Financial Results:

Expenses - The Trust continued to carry only one small project, advancing \$10,677.00 of the project approved in fiscal 2015. Expenses were on budget, with the Fund's only expense items being those necessary to maintain the Fund's ongoing investments and audit/accounting processes, and extraordinary legal expenses in the on-going resettlement of this Trust agreement. The Trustees continue to broach the subject of reimbursement of costs, however the Province has not been

¹ The term "buffer relates to the difference between the protected amount of the fund and the actual market value of the fund

² Fund managers and actuarial experts believe that in order to minimize the risk of capital depletion, in today's market environment, annual drawdowns should hover around 3% of assets under administration.



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forthcoming with current support for those discussions as of this writing. We will endeavour to continue to pursue these conversations more vigorously once all terms have been settled and legislation cleared.

Income – The Fund grew by a net excess of \$3 million over fiscal 2017's year-end.

Annual fund gross returns before expenses and fees:

Fund	2017 Annual Return	% of year end portfolio
PHN	4.3%	48.70%
Templeton	12.6%	17.24%
Nicola	11.26%	34.06%
Total (Weighted)	8.10%	100.0%

Minimal fund withdrawals continued to play a large role in the funds continued growth, while the well balanced portfolio offset the many market fluctuations in 2017, keeping the Trust above target (Approximately 6.5% annual returns) in fiscal 2017.

The Statement of Investment Policies and Procedures (the "SIPP") was revised in late 2017, and a copy may be found on the Trust's website.

Summary and explanation of the investment strategy of AGLT in fiscal 2017 and any material changes in the investment of the property of the Trust.

Statement of Investment Policies and Procedures (SIPP) was amended as follows:

- *Amend the current allocation of Foreign Equities maximum from 38% to 48%, minimum levels remain as current (28%);*
- *Real Return Bonds minimums to be reduced from 10 % to 5.0%*
- *Amend the current allocation to Real Estate & Mortgages from 15% to 22%, minimum levels remain as current (5%);*
- *Allow for the addition of Real Estate Development of up to 25% of the Real Estate allocation component of the SIPP; and*
- *Add a provision to proportion an allocation of up to 5% of the portfolio into Global Bonds (Overall bond allocation minimum 17% maximum 57%)*



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The following table sets out the respective weightings of asset classes in the Trust's portfolio of assets as at the end of calendar 2017(Dec 31st 2017):

Asset Class	As a % of Portfolio	SIPP Range
Canadian Equities	18%	15 – 25%
International Equities	39%	28 –48%
Total Equities	57%	43 – 73%
Real Return Bonds	12%	05 – 20%
Federal Bonds	07%	
Provincial & Municipal Bonds	05%	
Corporate Bonds	04%	
Total Nominal Bonds	17%	12 – 22%
High Yield Bonds	01%	00 – 10%
Global Bonds	00%	00 - 05%
Total Bonds	30%	17 – 57%
Mortgage Fund	01%	
Real Estate	11%	
(Real Estate Development 0-25% of R.E. holdings)		
Total Mortgage & Real Estate Funds	12%	05 – 22%
Private Placement	00%	00 – 10%
Cash	00%	
Treasury Bills & Short Term Investments	01%	
Total Cash / Short Term Notes	01%	00 – 05%
Total	100%	

International equity markets are slightly over our portfolio guidelines due to a strong jump in market values after the US presidential election, this slight overage will be corrected through fund expense withdrawals towards the close of the first quarter of 2017.

Athlii Gwaii Legacy Trust Trustees Approval:

Clyde Greenough
Clyde Greenough (Feb 14, 2018)

Jason Alsop
Jason Alsop (Feb 19, 2018)

Date, As To Both Signatures: _____