



Athlii Gwaii Legacy Trust

PO Box 588 Massett, Haida Gwaii V0T 1M0
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Athlii Gwaii Legacy Trust (AGLT) Operations Report for Fiscal Year Ended December 31st, 2023

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

The audited financial statements for Athlii Gwaii Legacy Trust as of December 31st, 2023, can be found on the Trust's website at: <http://www.aglt.ca>.

Over the course of the fiscal year ending December 31st, 2023 ("Fiscal 2023"), the only withdrawals of funds from the Trust's investment fund (the "Fund") were related to the accumulation of investment income and the administrative, and legal costs associated with the ongoing efforts and negotiations to resettle the Trust.

As discussed in previous Operations Reports, the federal and provincial governments had provided written confirmation of their intentions to support the transfer of the AGLT to a standalone program under the Gwaii Trust Society (GTS). All members of the Athlii Gwaii Working Group had concurred that the transfer of AGLT to GTS to be the simplest most cost-effective method in achieving resolution. Canada's lead – ECCC signed off in 2019, without any outstanding conditions, and the Province provided the Trust with a similar "Letter of Comfort" in June 2020.

While the Athlii Gwaii Working Group came to an agreement in principle in April 2022 on the conditions of the transfer and had agreed on a Spring 2023 legislation date, due to a change in representation for the Province in January 2023 there were further delays.

At the March 3rd, 2023, meeting between the new Provincial Representatives, Assistant Deputy Minister of Water, Land and Resource Stewardship, Colin Ward and the Executive Director of Indigenous Relations Branch for the Ministry of Forests, Ariel Taylor; and the Trustees, the Province let the group know that they were not ready to add the legislation to the queue. The Province didn't feel that they had the proper expertise internally to recommend legislation be tabled and that the Fall 2023 legislative date was no longer possible. The Province subsequently brought in Price Waterhouse Cooper to analyze the situation and to recommend the course of action. Over the next nine months, the Province worked through concerns and risks identified by the Treasury Board and Attorney General's office. This ended in November 2023 when the parties agreed that there needed to be a political decision on whether to pursue amalgamation.

In April and May 2023, four in person public consultation sessions on the use of the Athlii Gwaii fund were held. These sessions were hosted in Sandspit, Skidegate, Port Clements and Old Massett. The Old Massett session was also streamed to allow virtual attendance. The Trustees and staff delivered the framework on the plan that they have been working towards over the last few years. A page was added to the Gwaii Trust website with the presentation materials and an electronic form was added to capture any additional questions or feedback from the public.

The Trustees' plan is that Athlii Gwaii would disburse funding to the communities by awarding grants to



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projects that advance three specific purposes: Restoration, Renewable and Revitalization or the 3 R's. The purposes are explained below.

1. **Restoration:** Protect and restore the natural environment and ecological integrity of Haida Gwaii's land, air, and waters.
2. **Renewables:** Support the transitioning of Haida Gwaii's fossil fuel-dependent electrical grids to renewable energy sources. Support the productive and sustainable use of Haida Gwaii's natural resources (land, air, and water) in perpetuity.
3. **Revitalization:** Support the increase in economic diversification, resilience and self-sustainability of the communities and residents of Haida Gwaii

The 3 Rs comprise the pillars of the plan that the Trustees and Gwaii Trust Board are basing their planning on. The plan is that granting, operational and expense guidelines would continue to mirror those of the Gwaii Trust Society on a proportional basis, with total expenses restricted to a maximum of 5.0% of assets under administration. However, as the fund has been dormant for many years, there has been a significant accrual of income. As such, during the first few years the spending plan will exceed the annual distribution amount to bring the retained earnings to an amount appropriate to sustain expected returns necessary of a perpetual fund. The Board is also considering other funding vehicles such as loans or equity positions.

The public engagement sessions were relatively well attended and the tone from the public was positive with most attendees supporting the three R's. Feedback included the need to include Haida values into the fund, concerns over private businesses garnering an advantage through grants, the need for a transparent and accessible process, and accountability for the use of the Fund. Participants had many ideas on projects that the funding could support and were disappointed that there wasn't a timeline for the launch of the fund. As the public was informed that the delays were due to the Provincial government, several attendees used their provincial political connections to advocate for a timely resolution. Attendees contacted the local Forestry office, the local MLA, and provincial Ministers in an attempt to move the file along. Local governments advocated through their contacts, including directly with provincial Ministers at the UBCM. The Council of the Haida Nation offered the services of an advocate. The Trustees wrote letters to the Provincial Ministers involved, met with Nathan Cullen, and used any connections they had to escalate the issue.

In January 2024, the Trustees learned that there was political support to pursue the legislative solution to dissolve the Trust deed. The Working Group has been working steadily to finalize the transfer agreement, determine the contents of the legislation and determine how to transfer the assets to Gwaii Trust. The legislation is expected to pass sometime between March and May 2024.



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Projects:

A. Summary and explanation of practices used in review, evaluation, and approval of Eligible Projects in the fiscal year ended December 31, 2023.

No call for projects was put out in fiscal 2023, the Trustees are awaiting the enactment of legislation 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, 2023.

There were no projects awarded in 2023.

Financial Results:

Expenses – As the fund is anticipated to be amalgamated with the Gwaii Trust within twelve months, the financial statements were performed on a liquidation basis of presentation, as it is not considered a “going concern.”

Overall, expenses for 2023 were lower than budgeted. Legal fees (captured under professional fees) and investment management had the largest variance. Legal fees being under budget are understandable as there was little movement in 2023 on Athlii Gwaii. Investment management fees were under budget as the transition to the higher cost investments budgeted for in 2023 were not fully invested in 2023.

Income – We saw realized gains of 1.4 million in 2023 as well as 2.6 million in unrealized gains. These increases were due to both the rebounds of the equity markets in the last quarter of 2023 as well as the steady returns of the new infrastructure and direct lending investments.

Summary and explanation of the investment strategy of AGLT in fiscal 2023 and any material changes in the investment of the property of the Trust.

George and Bell Consulting, an actuarial and investment consulting firm based out of Vancouver continued to assist Gwaii Trust and Athlii Gwaii Legacy Trust in transitioning to the new Investment asset mix. These changes include a reduction to the bonds and equities weighting in the portfolio as well as the addition of two new asset classes- direct lending and infrastructure. Axiom and Northleaf were selected for these new classes. In addition, the investments shifted to a fossil fuel free mix with PH&N and added commercial mortgage fund to the investment portfolios. The commercial mortgage portfolio is also managed by PH&N. In 2023, the Trustees also opted to end the custodial contract with RBC. It was agreed that this service no longer added value and it was becoming increasingly difficult to do business with them.

The Trust continued to transfer funds to new investments during the year ended December 31, 2023; this transfer was still in progress at year-end. This transfer is expected to take until the end of 2024 due to the nature of the new Direct Lending and Infrastructure investment portfolios. In the interim, these funds have been invested in a temporary money market account with PH&N. The short-term bonds are not part of the long term investment strategy and the temporary account will be closed once the new asset mix is fully funded.



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Asset Class	As a % of Portfolio	SIPP Range
Canadian Equities	5%	0-10%
International Equities	33%	20 –40%
Total Equities	38%	20 – 50%
Short Term Bonds	11%	– %
Universe Bonds	10%	5 –15%
Commercial Mortgages	5%	0– 10%
Direct Lending	9%	0– 15%
Total Fixed Income	35%	25 – 40%
Real Estate	10%	05 – 22%
Infrastructure	17%	0 – 40%
Private Placement	0%	0 – 10%
Cash	%	0 – 10%
Total	100%	

Athlii Gwaii Legacy Trust Trustees Approval

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2/14/2024

Date, As To Both Signatures: