BACKGROUND INFORMATION:

The Master Trust came into effect on August 21, 2006, after the Settlement Agreement was signed and processed with Canada and Dehcho First Nations. The amount received was $15,000,000.00

CIBC Trust Corporation of Canada (CIBC Trust) acts as a Corporate Trustee for the Trust. On March 27, 2012, a five year agreement was signed with CIBC Trust Corporation in accordance with the Trust Agreement.

The Trustee is responsible for ensuring that the Trust funds are received and invested as authorized under the Trust Agreement, and that all distributions of funds from the Trust Accounts are properly authorized and documented.

Within 120 days of the end of each fiscal year, the Trustee is required to prepare an Annual Report. This report is presented to the Dehcho First Nations’ Annual Assembly.

Under the terms of the Trust Agreement, the Trust funds are audited along with year-end financial statements by McKay & Partner’s, an Independent Auditor out of Yellowknife, NT.

The Investment Management Board (IMB) is required to provide a report twice a year to the Dehcho Annual Assembly and to the Winter Leadership.

The IMB is responsible for the management of the Trust funds as well as administration and distributions under the terms of the Trust Agreement. The IMB members accept the obligation to perform certain significant duties. The Board undertakes responsibilities in relation to the administration of the Trust funds, to preserve and protect the benefits of the Dehcho First Nations’ future generations of our membership.

The Trust has been uniquely set up and the first of its kind in Canada. It was established to bring learning and understanding to the members of the Dehcho First Nations. With the guidance of the Trust Officers, the Board makes decisions for the Trust following the rules of the Trust Agreement. This is in line with the Dehcho Process where Dehcho First Nations members determine their own future. There are checks and balances at every point when money is withdrawn or distributed to ensure accountability of the Trust monies.

The role of our Investment Advisor, The Wooding Group, is to serve as a consultant/advisor to provide objective, professional advice, assist with the creation and maintenance of the Investment Policy
Statement, provide asset allocation and rebalancing services, undertake Manager searches, ongoing monitoring, and communication with the Wooding Group, to assisting the Dehcho First Nations with meeting our fiduciary requirements. The Investment Advisor provides discretionary management of the portfolio, ensures due diligence, and provides objective and clinical hiring and firing of multiple and independent investment managers. The Investment Advisor also prepares reports, provides custodianship, trading, and consolidating services as well.

“We think it is extremely valuable to focus on the fact that Dehcho has ownership in businesses rather than the stock market. Over the long-term ownership of high quality businesses is a critical component to Dehcho’s financial success” Tom Wooding, The Wooding Group

On a yearly basis a Service Agreement with the DFN is signed for administrative support to the IMB. Sara McLeod provides administrative support on a part-time basis. We are pleased and appreciative for Sara’s assistance.

INVESTMENT MANAGEMENT BOARD

The Dehcho Annual Assembly, by way of a resolution appoints the members of the IMB. There are currently 5 appointees to the IMB. At our face to face meeting held December 2014, the board elected the following three members as the Investment Management Board Executive:

- Karen Felker, Chairperson
- Nellie Hardisty, Vice-Chairperson (Leave)
- Pearl Leishman, Secretary Treasure
- Eric Menicoche, (Interim Vice-Chair)
- Misty Ireland, Board Member

Members are appointed annually to the Executive to increase experience, understanding and to develop good working relationships for all that are involved.
TRUST ACCOUNTS

Master Trust Account:
This account receives all the capital of the settlement funds and any other distributions.

Immediate Opportunities Account:
The funds in this account are invested to produce income; the income from this trust account is distributed out of the Trust to the Business Ventures Account, which is governed by the terms of the Trust agreement.

Economic Development Account:
The income from this Trust account is distributed out of the Trust to the Economic Account, which is an account governed by the terms of the Trust agreement.

Community Development Account:
The funds invested in this account are invested to produce income. The income from this Trust account is distributed out to the Community Development Account, which is governed by the terms of the Trust agreement.

Elders Heritage Account:
The income from this Trust account is distributed out of the trust to the Elder’s Heritage Account, which is governed by terms of the Trust agreement.

As of January 01, 2013, funds from the Elder’s Heritage Fund became available for distribution. These funds will be available every 5 years. The amount that is now available is $33,362.26.

The funds can only be distributed to the Elder’s Council of Dehcho First Nations. The Investment Management Board on the advice of the Elder’s Council will process all projects approved for funding. The IMB has contacted the Dehcho Regional Office (DFN) in regards to the Dehcho Elder’s Council. Schedule “1” provides the details for releasing funds.

Education Account:
The income from this Trust account is distributed out to the Education Account, which is governed by the terms of the Trust agreement.
From the Education Trust fund, the Dehcho Regional Office received in 2012/2013 an amount of $0.00 for the Scholarship fund.

Dehcho First Nation’s should be receiving $0.00 for the scholarship funding.

Land Acquisition Account:

In accordance with the Master Trust dated March 8th, 2006. **NO FUNDS** are to be paid out of this account until December 31, 2031.

On December 31, 2031, the Land Acquisition Account is to be established and 25% of the increase in value of the fund allocated every twenty five (25) years.

ADVANCE TAX RULING

Since the inception of the Trust in 2006, the IMB continues to operate under the DFN Master Trust. Upon review and in the best interest of Dehcho First Nations (DFN), it was decided to develop a “Replacement Trust” as defined by Clause 43 of the Master Trust Agreement. The rationale for this decision was due to taxes being paid on the Master Trust. As allowed under Clause 43 of the Master Trust Agreement the “Replacement Trust” is a working document until we receive an Advance Tax Ruling from Canada Revenue Agency.

During the December 2013 face to face meeting, the IMB learned that Dehcho First Nations’ does not require a tax shelter at this time because the interest earned is transferred to DFN to be reinvested into the Trust fund. This reinvestment process will continue until DFN signs a Settlement Agreement. Recent estimates indicate a cost of $5,000 to $10,000, for the IMB to obtain a tax ruling.
INVESTMENT POLICY STATEMENT

The Trust and all sub components must be managed according to the: Prudent Investor’s Rule.

This Trust fund has a long-term outlook and no regular income distributions. This gives the ability to tolerate volatility, which has historically been rewarded by higher long-term returns.

**Recommendation 1:**

That Leadership adopt amendments to Schedule “1” to delete the reference to “Grants” from bullets 2.4 and 2.6.

**Recommendation 2:**

That Leadership approve the IMB Policy and Procedures Manual as presented.

**Recommendation 3:**

That Leadership approve working towards:

1. Equity investments
2. Security Loan
3. Loan Guarantee
4. Performance/Bid Bonds

**DEADLINES FOR: APPLICATIONS / BUSINESS PLANS:**

*September 30th of each year*

**COMMUNITY VISITS**

In the past year, we have accomplished a number of outstanding issues; adopted a Policy and Procedures Manual for Board members, developed Quarterly Plans, continued development a Loan Policy to ensure all loans follow the Trust guidelines. A series of community visits are being planned. IMB members have been tasked with contacting communities to coordinate community information sessions.

At this time, I like thank my fellow colleagues for all the work we have accomplished to date. As a closing note, it has been our pleasure to work on behalf of the all Dehcho First Nations members and wish you all success in your Leadership deliberations.
INVESTMENTS & MARKET VALUES AS OF:

<table>
<thead>
<tr>
<th>Fund</th>
<th>MAY 31, 2013</th>
<th>DECEMBER 31, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Master Trust Account</td>
<td>$16,642,852.62</td>
<td>$17,429,956.24</td>
</tr>
<tr>
<td>Community Development Fund</td>
<td>$2,835,428.63</td>
<td>$2,970,774.23</td>
</tr>
<tr>
<td>Economic Development Fund</td>
<td>$2,610,380.66</td>
<td>$2,733,335.47</td>
</tr>
<tr>
<td>Elder’s Heritage Fund</td>
<td>$824,808.49</td>
<td>$883,970.24</td>
</tr>
<tr>
<td>Education Fund</td>
<td>$1,596,090.40</td>
<td>$1,670,946.54</td>
</tr>
<tr>
<td>Immediate Opportunities Fund</td>
<td>$6,118,603.55</td>
<td>$6,353,985.56</td>
</tr>
<tr>
<td>Land Acquisition Fund</td>
<td>$1,680,976.84</td>
<td>$1,833,257.02</td>
</tr>
</tbody>
</table>

FUNDS AVAILABLE FOR USE BY THE IMB AS OF:

<table>
<thead>
<tr>
<th>Fund</th>
<th>DECEMBER 31, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Development Account</td>
<td>$70,883.63</td>
</tr>
<tr>
<td>Economic Development Account</td>
<td>$260,028.88</td>
</tr>
<tr>
<td>Elder’s Heritage Account</td>
<td>$33,362.26</td>
</tr>
<tr>
<td>Business Ventures Account</td>
<td>$602,622.41</td>
</tr>
</tbody>
</table>

Additional Notes:

- As of May 2013 the Portfolios have generated $2,977,701.99 of interest and dividends since its inception in 2006.
- Pension funds were not contemplated when the Trust was developed and cannot be used for this.
- On the Dehcho First Nations website [www.dehcho.org/dehcho_trust.htm](http://www.dehcho.org/dehcho_trust.htm) you will find updated Consolidate Asset Summaries.

Attachments:

- Loan Policy, as proposed February 2014
- Schedule 1, as amended February 2014

Respectfully,

Karen Felker, Chair of the Investment Management Board