



**THE DEHCHO FIRST NATIONS
MASTER TRUST AGREEMENT**

Annual Report of the Trustees
Fiscal Year 2016

Introduction

The Dehcho First Nations Master Trust Agreement ("the Trust") was effective on August 21st, 2006 when the first settlement proceeds were received from Canada under the terms of the Settlement Agreement.

CIBC Trust Corporation of Canada ("CIBC Trust") is honored to act as the Corporate Trustee for the Trust. According to the Trust Agreement, the Corporate Trustee must be a Canadian Trust Company that is a member institution for which the Canada Deposit Insurance Corporation ("CDIC") has a duty to insure deposits pursuant to the *Canada Deposit Insurance Corporation Act*.

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 out of the Trust Accounts are properly authorized and documented.

Annual Report of the Trustees

The Trust Agreement requires that, within 120 days of the end of each Fiscal Year, the Trustees must prepare an Annual Report concerning the receipts, expenditures and investments of the Trust (annually if required by the leadership, but at least every three years).

The Trustees are pleased to submit their Annual Report for the 2016 Fiscal Year. This Annual Report of the Trustees deals with the time period from January 1, 2016 to December 31st, 2016.

The Trust Agreement also requires that the Annual Report be provided to Leadership and the Investment Management Board along with year-end financial statements for the Trust that is audited by a chartered accountant or firm of chartered accountants. Dolye & Company Chartered Accountants, from Edmonton, Alberta, was jointly appointed by the Investment Management Board and the Trustees to serve as "Independent Auditor" under the terms of the Trust Agreement. The requirement to provide audited financial statements will be met for Fiscal Year 2016.

A copy of the 2016 Annual Report and the financial statements of the Trust for 2016 shall be available for viewing by members at the head office of the Dehcho First Nations and at such other places as may be directed by the Leadership.

The Trust Accounts

The Trust is comprised of seven different Trust Accounts, each with its own set of rules regarding receipts and expenditures. The seven Trust Accounts are:

1. **The Master Trust Account** – this Trust Account receives all the capital of Settlement Funds and any other contribution.
2. **The Immediate Opportunities Trust Account** –The funds in this Trust Account are invested to produce income. The income from this Trust Account is distributed out of the Trust to the *Business Venture Account*, which is an account governed by the terms of the Trust Agreement.

In accordance with the Master Trust dated March 8th, 2006. The trust directs the Trustee's to transfer an amount equal to the net income from the **Immediate Opportunities Fund** to the **Business Venture Account**. For 2016 the net income to be transferred from the **Immediate Opportunities Fund** to the **Business Venture Account** is \$78,905.23. Further the trust directs the trustees to transfer an amount equal to the net capital gains that are instructed to be transferred to the **Business Venture Account** by the Investment Management Board ("IMB"). The net capital gain available to be transferred by the IMB from the Immediate Opportunities Fund to the Business Venture Account for 2016 is \$72,067.37.

3. **The Economic Development Trust Account** –The income from this Trust Account is distributed out of the Trust to the *Economic Development Account*, which is an account governed by the terms of the Trust Agreement.

In accordance with the Master Trust dated March 8th, 2006. The trust directs the Trustee's to transfer an amount equal to the net income from the **Economic Development Fund** to the **Economic Development Account**. For 2016 the net income to be transferred from the **Economic Development Fund** to the **Economic Development Account** is \$37,373.41. Further the trust directs the trustees to transfer an amount equal to the net capital gains that are instructed to be transferred to the **Economic Development Account** by the Investment Management Board ("IMB"). The net capital gain available to be transferred by the IMB from the **Economic Development Fund** to the **Economic Development Account** for 2016 is \$34,554.16.

4. **The Community Development Trust Account** -The funds in this Trust Account are invested to produce income. The income from this Trust Account is distributed out of the Trust to the *Community Development Account*, which is an account governed by the terms of the Trust Agreement.

In accordance with the Master Trust dated March 8th, 2006. The trust directs the Trustee's to transfer an amount equal to the net income from the **Community Development Fund** to the **Community Development Account**. For 2016 the net income to be transferred from the **Community Development Fund** to the **Community Development Account** is \$41,914.04. Further the trust directs the trustees to transfer an amount equal to the net capital gains that are instructed to be transferred to the **Community Development Account** by the Investment Management Board ("IMB"). The net capital gain available to be transferred by the IMB from the **Community Development Fund** to the **Community Development Account** for 2016 is \$13,311.73.

Further the trust provides that the value of the Fund shall be adjusted annually to account for the Inflation Factor. The average Inflation Factor for 2016 is 1.43 % multiplied by the FMV of the account on December 31, 2016 of \$3,349,403.00

meaning that \$47,896.46 of net income will be with-held in the **Community Development Fund** to account for inflation. For 2016 the net income that will be paid to the **Community Development Account** to offset inflation will be \$0

5. **The Elders Heritage Trust Account-** The income from this Trust Account is distributed out of the Trust to the *Elders Heritage Account*, which is an account governed by the terms of the Trust Agreement.

In accordance with the Master Trust dated March 8th, 2006. The Trust directs the Trustee's to transfer an amount equal to one half of the net income from **Elders Heritage Fund** to the **Elders Heritage Account**. For 2016 the net income was \$10,728.83 one half of the net income to be transferred from the **Elders Heritage Fund** to the **Elders Heritage Account** \$5,364.41; plus

In accordance with clause 4.32 clause every five years there will be an allocation of one half the increase in the value of the fund of the Elders Heritage Fund. 2016 is the second of such payment. Original funding consisted of \$752,990.00 and on December 31, 2016 the market value of the Elders Heritage Fund was \$1,036,799. Therefore the allocation for 2016 is \$141,904.50.

6. **The Education Trust Account-** The income from this Trust Account is distributed out of the Trust to the *Education Account*, which is an account governed by the terms of the Trust Agreement.

In accordance with the Master Trust dated March 8th, 2006. The trust directs the Trustee's to pay out of the net income to the Dehcho First Nation. For 2016 the net income that will be paid to **Dehcho First Nation** is \$23,684.26.

7. **The 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 the value of the Fund allocated every twenty five years.

Secondary Income 2016

Doyle and Company calculated the gain on secondary income to be \$1,289 after fees, expense and foreign withholdings.

Summary of Trust Activities

Receipts in the 2016 Fiscal Year

Income received (which does *not* include income accrued) from Authorized Investments and cash in the Trust Accounts during the 2016 Fiscal Year totaled \$587,839.41. The resettlement of Secondary Income for Fiscal Year 2016 was \$1,289.00.

To summarize, total receipts of the Trust during the 2016 Fiscal Year was:

| | |
|------------------------|---------------------|
| Authorized Investments | \$587,839.41 |
| Secondary Income | \$ 1,289.00 |
| | \$589,128.41 |

Expenditures in the 2016 Fiscal Year

"Expenditures" refer to funds that were distributed out of the Trust, but do not include transfers between Trust Accounts.

"Authorized Expenses" as defined in Article 2.1 of the Trust Agreement means the expenses reasonably incurred by the Trustees in carrying out the terms of the Trust Agreement and administering the Trust, including (but not limited to) remuneration to the Corporate Trustee and reasonable remuneration for Investment Management Board.

To summarize, total expenditures of the Trust during the 2016 Fiscal Year were as follows:

| | |
|---------------------------------|-----------------------|
| Investment Management* | \$145,500.00 (Income) |
| Trustees fees* | \$46,029.00 (Income) |
| Accountant & Professional Fees* | \$16,863.00 (Income) |
| IMB Expenses | \$203,890.00 (Income) |
| Lawyers (Duncan and Craig)* | \$0 (Income) |

Total expenditures for 2016 **\$412,282.00**

*includes GST

Excess of Receipts Over Expenditures

| | |
|--|----------------------|
| Total receipts for 2016: | \$ 589,128.41 |
| Total expenditures for 2016: | \$ 412,282.00 |
| | ----- |
| Excess of receipts over expenditures: | \$ 176,846.41 |

Authorized Investments of the Trust Accounts

General Investment Duties and Restrictions

Article 7 of the Trust Agreement outlines the general investment duties and restrictions in accordance with the Prudent Investor Rule as that rule is implemented in the *Alberta Trustee Act*, RSA 200, Chapter T-8, as amended from time to time. 7.3 of the Trust Agreement outlines what are considered to be "Authorized Investments" as defined in 3(5) of the *Alberta Trustee Act*. Only "Authorized Investments" are allowed as investments for the Trust Property.

Article 7.5 of the Trust Agreement directs that the Investment Advisor shall assist the Investment Management Board in preparing a written Investment Policy Statement, for each Fund. Article 7.10

requires the Trustee to regularly review the Investment Policy. The Trustees received an Investment Policy Statements dated, July, 2008.

Investment Duties and Restrictions regarding the Master Trust Account

As indicated previously, this account is used for further settlements from Canada. The Investment Duties and Restrictions regarding the Master Account are not included in the Investment Policy Statement.

Investment Duties and Restrictions regarding the Immediate Opportunities Trust Account

Article 4.13 of the Trust Agreement states, that the investments of the Immediate Opportunities Trust Account are intended to be invested within the following ranges:

25% to 50% in equities;
50% to 75% in income assets

Investment Duties and Restrictions regarding the Economic Development Trust Account

Article 4.21 of the Trust Agreement states, that the investments of the Economic Trust Account are intended to be invested within the following ranges:

30% to 60% in equities;
40% to 70% in income assets

The intention is to provide steady income for the benefit of the Dehcho First Nations but have some capital growth to adjust for inflation.

Investment Duties and Restrictions regarding the Community Development Trust Account

Article 4.27 of the Trust Agreement states, that the investments of the Community Trust Account are intended to be invested within the following ranges:

35% to 65% in equities;
35% to 65% in income assets

The investment goal of the Community Development Fund is to outpace inflation while also generating gains and income.

Investment Duties and Restrictions regarding the Elders Heritage Trust Account

Article 4.34 of the Trust Agreement states, that the investments of the Elders Heritage Trust Account are intended to be invested within the following ranges:

40% to 75% in equities;
25% to 60% in income assets

The goal is to have the Elders Heritage Fund last into perpetuity so that it should provide inflation protection and some provision for population growth.

Investment Duties and Restrictions regarding the Education Trust Account

Article 4.39 of the Trust Agreement states, that the investments of the Education Trust Account are intended to be invested within the following ranges:

35% to 65% in equities;
35% to 65% in income assets

Investment Duties and Restrictions regarding the Land Acquisition Trust Account

Article 4.45 of the Trust Agreement states, that the investments of the Land Acquisition Trust Account are intended to be invested within the following ranges:

40% to 85% in equities;
15% to 60% in income assets

Investments and Market Values as at December 31, 2016

The total market value of the Trust Accounts as at December 31, 2016, was as follows:

| | |
|--|------------------------|
| Master Trust Account | \$17,320.00 |
| Community Development Fund | \$3,349,403.00 |
| Economic development Fund | \$3,224,591.00 |
| Elders Heritage Fund | \$1,036,799.00 |
| Education Fund | \$1,811,884.00 |
| Immediate Opportunities Fund | \$7,381,267.00 |
| Land Acquisition | \$2,058,846.00 |
| Total Market Value as of December 31/15 | \$18,880,110.00 |
| | |

Comments and Certification of the Trustees

The Trustees certify that, for the 2016 Fiscal Year, all receipts, expenditures and investments of the Trust were properly documented and authorized in compliance with the requirements of the Trust Agreement.

Respectfully submitted,

CIBC TRUST CORPORATION

Per: Muro Fanni