

# THE SAHTU TRUST—HOW IT WORKS



**THE SAHTU SECRETARIAT INCORPORATED**

## Trust Agreement

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The Trust Agreement establishes the rules that must be followed in managing and distributing the Sahtu Trust's assets. The most important rules are:

- Distributing
  - Income distributions will be made each year to the Beneficiaries. Income includes earnings from selling investments at a gain in a year.
  - Capital distributions can not be made if they would reduce the asset value below \$117 million.
- Investments:
  - Must be in RRSP—eligible investments.

## Trustee

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The Sahtu Secretariat Inc. (SSI) is the Trustee of the Sahtu Trust. The Trustee holds the assets for all Beneficiaries and makes investment and distribution decisions considering all Beneficiaries (including future generations).

The Trustee hires advisors—accountant, custodian, lawyer(s), investment advisor and investment managers—to assist them in managing the Sahtu Trust assets.

## Managing the Assets

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### **Accountant**

KPMG LLP is the Sahtu Trust's auditors. KPMG audits the financial statements of the Sahtu Trust. In this role, KPMG ensures that the financial statements accurately reflect the assets and obligations of the Trust. The audit is designed to provide confidence in the financial statements.

### **Custodian**

CIBC Mellon is the Sahtu Trust's custodian, which means that CIBC Mellon holds the Sahtu Trust's money, stocks, bonds and funds. CIBC Mellon keeps track of all transactions during the year. SSI uses CIBC Mellon information in preparing Financial Statements and KPMG relies on CIBC Mellon when performing their audit.



## Lawyers

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Daryn Leas is the primary lawyer for the Trustees. Daryn provides advice to the Trustee and helps to make sure that the Trustees meet all of the obligations in the Trust Agreement and in the Master Land Claim Agreement

## Investment Advisor

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George & Bell Consulting is the investment advisor to the Trustees. In this role, George & Bell Consulting helps the Trustee select the types of investments to invest in, select the investment managers to manage the investments and review the performance of the investment managers. The investment advisor assists in developing and revising the investment policies adopted by the Sahtu Trust

## Investment Managers

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The Trustee hires investment managers to choose the stocks, bonds and mortgages that the Sahtu Trust owns. Until recently, Beutel Goodman and BMO were the only two investment managers managing assets in the Trust. In 2016, the Trustees hired:

- TD Asset Management to manage bonds. TD was hired to decrease the fees paid by the Sahtu Trust.
- ACM Advisors to manage mortgages. ACM was hired to enhance the returns of the Sahtu Trust.

## Summary—Managing the Assets

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The Trustee manages the assets of the Sahtu Trust for Beneficiaries. The Trustee had adopted the following investment principles:

- Limit Fees—the overall cost of investing assets, including all of the advisors above, is about 1/5th of the cost of each Beneficiaries investing on his own.
- Limit risk of loss—the Sahtu Trust should be available for current and future generations.
- Earn a reasonable return—the Sahtu Trust should generate enough income to provide meaningful distribution to Beneficiaries.

The Trustee maintains an Investment Policy that details the investment decisions.

## Distributing the Assets

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The Trustee must distribute income—interest, dividends and gains on sold investments. The Trustee may distribute capital, but only if capital remains over \$117 million after the distribution.

Each year, after payment of the Sahtu Trust's reasonable expenses, the Trustee must "divide" the income earned by the Sahtu Trust for that year amongst the Institutional Beneficiaries in accordance with the new Declaration and then "allocates" and "distributes" those amounts to the respective Institutional Beneficiary accounts. Then the Institutional Beneficiaries provide instructions to the Trustee with respect to the release of payments of their respective shares of the income. If an Institutional Beneficiary does not provide any instructions about the release of payment of its share of the income or a portion thereof, the Trustee will hold the amounts in the respective Institutional Beneficiary account until such information are received.



# THE SAHTU TRUST

Interest and dividends were between \$3-4 million per year in 2014, 2015 and 2016. The Trustee distributed \$7-10 million in each year by selling some assets at a gain.

## Distribution Principles

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The Trustee has adopted the following goals in determining distributions:

- Distributing enough assets to the current generation,
- Providing a steady, reliable source of income for beneficiaries, and
- Preserving the Sahtu Trust's assets for future generations.

In order to make sure that capital is available to maintain steady, meaningful distributions for Beneficiaries, the Trustee set a target asset level of \$140.4 million. If the assets exceed \$140.4 million, the excess amount will be distributed to Beneficiaries over a short time.

The target funding level was set at a level so the Sahtu Trust could handle a loss, which could happen if stock marks fall, without resulting in a large decrease in distribution.

The Trustee maintains a Distribution Policy that details the distribution decisions.

## Financial Snapshot

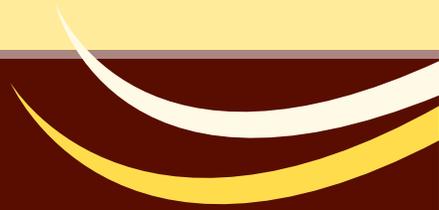
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The table below shows how the assets have been distributed and grown from 1994 to March 31, 2016:

Initial Capital	\$116,989,309
Distribution since 2000	\$80,615,268
Investment Income minus Expenses	\$105,469,188
March 31, 2016 Asset Value	\$141,843,229

In other words:

- The Sahtu Trust has distributed over \$80 million to Beneficiaries since 2000.
- The amount earned from investments on the Sahtu Trust (after paying fees and expenses) was more than \$105 million, and
- As a result, the Sahtu Trust assets have grown by around \$25 million (from \$117 million to \$142 million).



## The Sahtu Secretariat Inc.

P.O. Box 155  
Deline, NT X0E 0G0  
PH: (867) 589-4719  
FAX: (867) 589-4908