

Kahkewistahaw 1907 Trust



2016 Annual Report

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Chairperson's Message

Tansi, I have had the privilege of being the Trust Chairperson for the 2016 fiscal year. I am grateful for this opportunity and appreciate the support I received from everyone.

The Trustees, Staff and Professional Associates continue to work diligently on your behalf to fulfill our obligations as set out in the Trust Agreement.

We continue to strive to fulfill our mandate to purchase land and grow the Trust with minimal risk.

We are pleased to provide you with the following Summary Reports on the Activities and Financial Statements for the 2016 fiscal year.

The Trust had another positive year in 2016 even with an unstable economy. We have generated respectable returns from our investments with our Investment Manager outperforming their benchmarks. We also purchased 480 acres of land with the majority of acres being located in our surrendered area. This means that we will have to become more aggressive with our purchases to meet our 29, 000 acres within the allotted time..

We have been working with the Chief & Council to develop proposed amendments to our current Trust Agreement. Amendments which will eliminate some of the restrictions that the current agreement places on us. We are exploring ways to provide the Chief & Council the ability to have easier access to some of the Trust dollars, which would permit them to offer more programs & services to all the Membership. The Trustees will also be exploring ways to minimize our overall operating expenditures.

Once hope to finalize our proposed amendments in the near future. This will be shared with the entire membership for consultation purposes. We will require your support in order to be successful in making these necessary changes. We will keep you informed at each stage of this process.

We are committed to providing accountability, integrity and professionalism to the Membership. We encourage you to send any enquiries that you may have that pertain to the Trust to our office. An official response will be sent to you in a timely manner.

On behalf of the all the Trustees and Staff, I would like to thank you in advance for taking the time to read our report. We would also like to wish everyone the best for the upcoming year.

William Kaysaywaysemat Jr.
Kahkewistahaw 1907 Trust Chairperson

Chief's Message

Tansi Membership

I hope that all our Membership in good health.

Kahkewistahaw 1907 Trust has been in operation since 2002, and will be 15 years old. More than 15 years ago, we started working on our claim for our First Nation so it will grow and prosper.



We must appreciate the past and present Trustees that have done an excellent job by securing and investing the Trust. As you review the information provided you can see that we are close to the amount that we started off with, the initial settlement of \$94,650,000.00.

I must say the future looks bright, for our First Nation and Membership. There will be a day when we can look after our own people and provide for them.

I see our First Nation becoming one of the leaders in becoming self-sufficient, self-governing and a wealthy First Nation.

This is my final term, I have decided to step down and retire to enjoy the rest of my life with my family and friends. I am willing to share my knowledge and experience for those that ask.

For over 35 years, I have been a leader of the First Nation. I have contributed my life to the benefit of the people and the First Nation. I am proud knowing, that I have done the best that I can.

I would like to thank all the past Councillors that I have had the pleasure to work with as a team.

I only wish for the best for our First Nation. The future looks bright and the children that are yet to be born will benefit.

In closing, I would like to Thank the Kahkewistahaw First Nation Membership, for taking the time to read this and enjoy the rest of the presentation.

Ekosi,

Chief Louis Taypotat

Kahkewistahaw First Nation #72

Coordinator's Message



Hello to Kahkewistahaw Members,

As we embark on another year's report to you, the Members, we ask that you please read through the Annual Membership Report on 2016 activity, as it relates to our Trust Account and our ability to carry out our duties as identified in the Kahkewistahaw 1907 Trust Agreement.

Our office continues to administer the Minors Trust with the support of our Financial Institute.

We humbly ask for your participation by attending our informational meetings, to ask questions, to visit and at the very least - share a meal with our Chief and Trustees.

As always, we will have door prizes for our Members with one major door prize that will be drawn for at the final Membership meeting at the Kahkewistahaw Community Complex. The names of all meeting participants from **all** locations will be entered into the final draw.

If ever, you require any information, please do not hesitate to call us and we can email or send you the information requested. I wish you all a safe and happy summer, safe travels wherever your journeys take you.

Marlous Louison
Trust Coordinator

Kahkewistahaw 1907 Trustees



Justin Delorme
Off-reserve Trustee
Term Ends August 30, 2019



Leslie Sparvier
On- reserve Trustee
Term ends August 30, 2019



Faith Bob
On-reserve Trustee
Term Ends August 30, 2019



Lois (Chooch) Taypotat
Off-reserve Trustee
Term Ends May 24, 2019



William Kaysaywaysemat
On-reserve Trustee
Term Ends: May 24, 2019

Kahkewistahaw 1907 Trust Professional Advisors



Wally Kusters
Investment Manager
- Barrantagh -



Sangita Bhalla
Aboriginal Services Group
- Royal Trust -



Gord Keesic
Investment Manager
- Phillips Hager & North -



Jason Herndier
Auditor
- Meyers Norris Penny -



W. Allan Brabant
Legal Advisor
- Brabant & Company -



W. (Bill) Shupe
Investment Consultant
- W. Shupe & Company -

Kahkewistahaw 1907 Trust Staff



Marlous Louison
Trust Coordinator



**LeeAnn
Fitzgerald**
Administrative
Assistant



Aaron Louison
Lands Officer

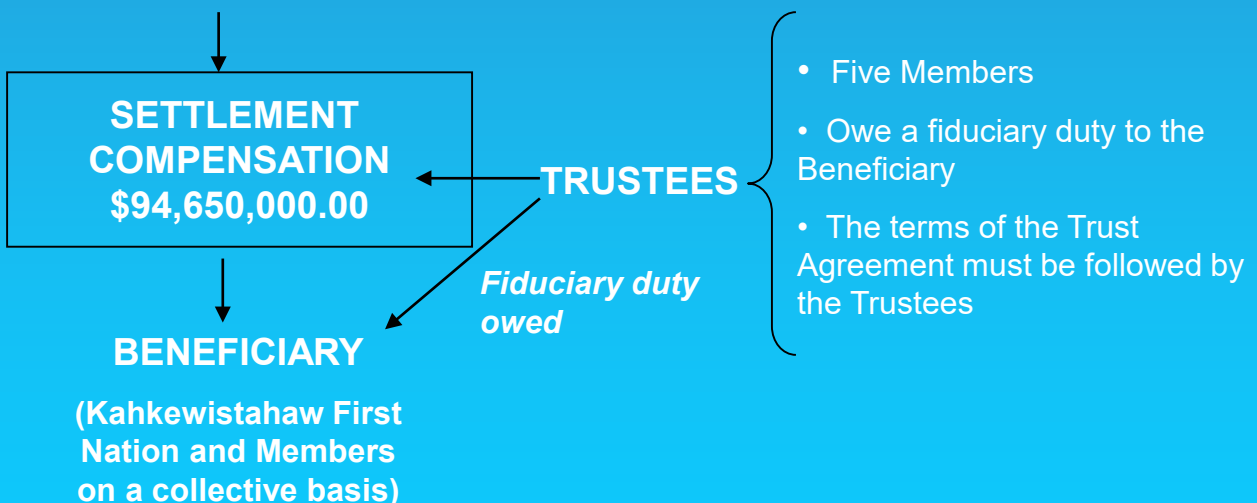


**Casual
Custodian**

What is a Trust?

A Trust is an equitable obligation (as opposed to a statutory obligation), binding a person (who is called a trustee) to deal with property of another person (who is called a settlor) over which the trustee has been given control and legal title (which is called the trust property) for the benefit of a third party (who is called the beneficiary) according to specific terms generally set out in a trust instrument or agreement. Any of the parties, settlor, trustee or beneficiary can enforce the obligation. Any act or neglect on the part of the trustee which is not authorized or excused by the terms of the trust instrument, or by law, is called a breach of trust. Trustees are personally liable for such breaches.

FIRST NATION - SETTLOR



Excerpts from Kahkewistahaw 1907 Trust Agreement

13. DUTIES OF TRUSTEES (Page 30)

13.01 Act In Good Faith: *Each Trustees owes a duty, jointly and severally with the other Trustees, to the First Nation and the members to act with the utmost good faith in his or her dealings with the Trust Property and to discharge all of his or her obligations and duties under this Agreement faithfully, honestly, to the best of his or her ability and without the purpose or result of personal gain, except as permitted under the terms of this Agreement.*

(Page 32)

- **13.06 Reports to Members:** *The Trustees shall provide to Eligible Members, within one hundred and fifty (150) days of the end of each Fiscal Year, a written report summarizing the activities of the Trust during the past Fiscal Year together with such information as the Trustees deem appropriate. Such written report shall be mailed, together with a copy of the audited financial statements for the Trust for such Fiscal Year to the last known address of each Eligible Member to the extent such an address is known.*
- **13.07 Meeting of Members:** *The Trustees shall at least once in each Fiscal Year hold meetings with the Members at locations deemed appropriate by the Council provided that a meeting is held at one location on the Reserve and at least one location off Reserve in each of the Provinces of Manitoba, Saskatchewan, Alberta and British Columbia. At such meetings, the Trustees shall present the written report referred to in section 13.06, the audited financial statements, details of the investment of the Trust Property and the future plans for the use and investment of the Trust Property.*

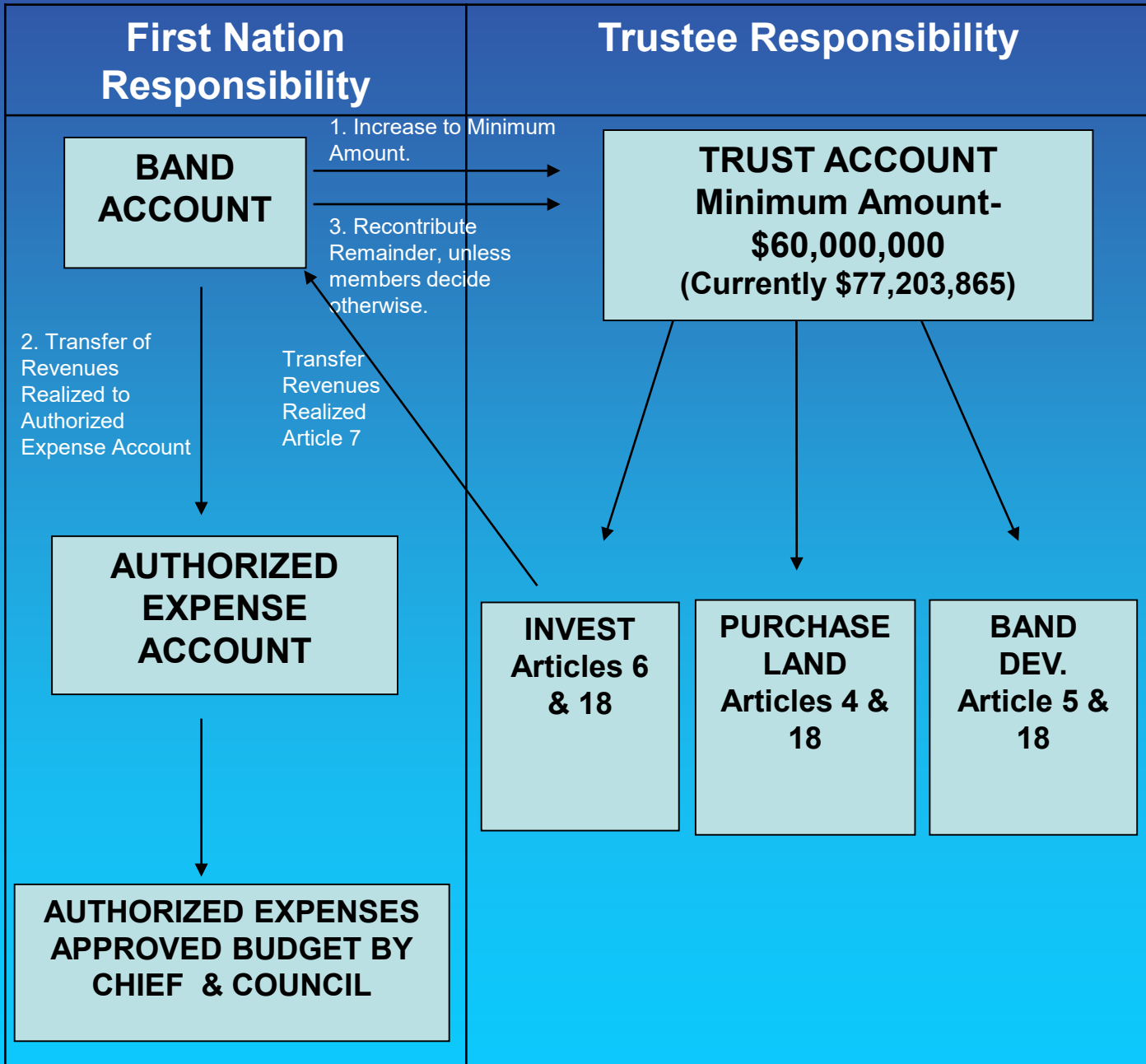
16. Conflict of Interest (Page 37) Only addresses contracts.

- **16.01 Related:** *For the purpose of this article “related” shall mean ones immediate family, being ones spouse or biological or adoptive parent, child, brother or sister.*
- **16.02 Duty to Disclose:** *A Trustee who:*
 - (a) Is a party to a contract, or proposed contract of the Trustees, entered into or to be entered into in accordance with this Agreement;*
or
 - (b) Is a director or an officer of or has an interest in or is related to any Person who is a party to a contract or proposed contract of the Trustees entered into or to be entered into in accordance with this Agreement, shall disclose in writing to the other Trustees, or shall request to have entered in the minutes of meetings of Trustees, the nature and extent of the Trustee’s relationship and extent of his or her interest.*

CHART OF ACCOUNTS

Kahkewistahaw 1907 Trust Agreement

Flow of Funds Chart



Minimum Amount Contribution Schedule

Minimum Amount to increase¹ in each subsequent Fiscal Year by at least the following percentages of the Revenues Realized from the previous Fiscal Year:

Period	Amount
Next 5 Fiscal Years – Jan 1/07 to Dec 31/11	50%
Next 5 Fiscal Years – Jan 1/12 to Dec 31/16	40%
Next 5 Fiscal Years – Jan 1/17 to Dec 31/21	30%
Subsequent Fiscal Years, unless the Members decide otherwise ²	30%

¹ The Council can decide to increase the amount required to increase the Minimum Amount each year provided they are not less than the amounts set out above.

² The members can decide to set the amount to increase the Minimum Amount to any percentage.

Kahkewistahaw 1907 Trust

Annual contribution to Trust Account

(40% of Revenue Realized from Jan 1/12 to Dec 31/16)

2006.....The last deposit from Canada which brings our minimum amount to \$60 Million

2007	\$1,483,925.50
2008	\$1,364,871.00
2009.....	\$1,366,559.62
2010.....	\$1,551,289.68
2011.....	\$1,347,673.00
2012.....	\$1,198,540.00
2013.....	\$1,210,119.00
2014.....	\$1,459,261.00
2015.....	\$2,798,365.00
2016.....	\$3,423,261.00



**KAHKEWISTAHAW
1907 TRUST
TRUST ACCOUNT -
AUDITORS' REPORT
AND FINANCIAL
STATEMENTS**

DECEMBER 31, 2016

MANAGEMENT'S RESPONSIBILITY

To the Members of Kahkewistahaw First Nation:

The accompanying financial statements of Kahkewistahaw 1907 Trust – Trust Account are the responsibility of management and have been approved by the Trustees of the Kahkewistahaw 1907 Trust.

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with the reporting requirements of the Kahkewistahaw 1907 Trust Agreement. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Trustees are comprised of individuals who are responsible for the management of the operations of the Trust. Trustees are responsible for approving the financial statements and fulfil these responsibilities by reviewing the financial information and discussing relevant matters with external auditors. The Trustees are also responsible for recommending the appointment of the Trust's external auditors.

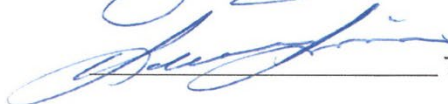
MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the Trustees of the Kahkewistahaw 1907 Trust to audit the financial statements and report directly to the members of Kahkewistahaw First Nation; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Trustees and management to discuss their audit findings.

March 30, 2017

 Trustee

 Trustee

 Trustee

 Trustee

 Trustee

INDEPENDENT AUDITORS' REPORT

To the Members of Kahkewistahaw First Nation:

We have audited the accompanying financial statements of Kahkewistahaw 1907 Trust – Trust Account, which comprises the statement of financial position as at December 31, 2016, and the statements of operations, changes in net assets, cash flows, and the schedule of land acquisitions for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the reporting requirements of the Kahkewistahaw 1907 Trust Agreement, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of Kahkewistahaw 1907 Trust – Trust Account, for the year ended December 31, 2016, are prepared, in all material respects, in accordance with the reporting requirements of the Kahkewistahaw 1907 Trust Agreement.

Basis of Accounting and Restrictions on Use

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describe the basis of accounting. The financial statements are prepared solely for the information and use of the members of Kahkewistahaw First Nation for complying with the reporting requirements of the Trust Agreement referred to above. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the members of Kahkewistahaw First Nation and should not be distributed to, or used by, parties other than the members of Kahkewistahaw First Nation.

MNP LLP

Prince Albert, Saskatchewan

March 30, 2017

Chartered Professional Accountants

MNP LLP

**KAHKEWISTAHAW 1907 TRUST - TRUST ACCOUNT
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016**

ASSETS

	<u>2016</u>	<u>2015</u>
Current		
Cash	\$ 39,946	31,830
Interest receivable	113,499	115,806
Investments (Note 3)	4,202,226	4,293,553
Due from Kahkewistahaw First Nation Band Account		
- Kahkewistahaw 1907 Trust (Note 4)	898,122	1,183,561
Due from Kahkewistahaw First Nation (Note 5)	<u>41,194</u>	<u>59,409</u>
	5,294,987	5,684,159
Long-term investments (Note 3)	<u>78,502,178</u>	<u>71,574,130</u>
	\$ <u>83,797,165</u>	<u>77,258,289</u>


LIABILITIES


Current		
Due to Kahkewistahaw First Nation Band Account		
- Kahkewistahaw 1907 Trust (Note 5)	\$ _____	_____
Contingent liability (Note 6)		

NET ASSETS

Externally restricted – operating	---	---
Externally restricted - capital (Note 7)	<u>83,797,165</u>	<u>77,258,289</u>
	\$ <u>83,797,165</u>	<u>77,258,289</u>

Approved on behalf of the Trust:

 Trustee

 Trustee

See accompanying notes to financial statements

**KAHKEWISTAHAW 1907 TRUST - TRUST ACCOUNT
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2016**

	<u>2016</u>	<u>2015</u>
Revenue		
Investment income	\$ 2,781,393	3,275,694
Gain on disposal of investments	<u>300,167</u>	<u>5,206,698</u>
Excess revenue before transfer	3,081,560	8,482,392
Transfer revenues to Kahkewistahaw First Nation Band Account -Kahkewistahaw 1907 Trust (Note 8)	<u>(3,081,560)</u>	<u>(8,482,392)</u>
Restricted net assets – operating, end of year	\$ <u>---</u>	<u>---</u>

**KAHKEWISTAHAW 1907 TRUST - TRUST ACCOUNT
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2016**

	<u>2016</u>	<u>2015</u>
Restricted net assets – capital, beginning of year	\$ 77,258,289	72,737,134
Funds returned from band account	4,065,000	2,764,719
Increase in minimum amount	3,423,261	2,798,365
Contribution from Kahkewistahaw First Nation	25,637	60,046
Transfer to Kahkewistahaw First Nation – band development	(245,022)	(241,975)
Land acquisition	<u>(730,000)</u>	<u>(860,000)</u>
Restricted net assets – capital, end of year	\$ <u>83,797,165</u>	<u>77,258,289</u>

See accompanying notes to financial statements.

**KAHKEWISTAHAW 1907 TRUST - TRUST ACCOUNT
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016**

	<u>2016</u>	<u>2015</u>
Cash provided by (used in) the following activities:		
Operating activities		
Excess revenue before transfer	\$ 3,081,560	8,482,392
Transfer revenues to Kahkewistahaw First Nation Band Account	(3,081,560)	(8,482,392)
Decrease in interest receivable	2,307	75,271
Decrease (increase) in due to Kahkewistahaw First Nation Band Account – Kahkewistahaw 1907 Trust	<u>285,439</u>	<u>(1,207,147)</u>
	<u>287,746</u>	<u>(1,131,426)</u>
Financing activities		
Decrease (increase) in due from Kahkewistahaw First Nation	<u>18,215</u>	<u>(39,266)</u>
Investing activities		
Purchase of investments	(67,975,613)	(54,464,179)
Disposal of investments	<u>61,138,892</u>	<u>50,612,653</u>
	<u>(6,836,721)</u>	<u>(3,851,526)</u>
Capital activities		
Land acquisitions	(730,000)	(860,000)
Band Development	(245,022)	(241,975)
Contribution from Kahkewistahaw First Nation (land lease and other)	4,090,637	2,824,765
Increase in Minimum Amount	<u>3,423,261</u>	<u>2,798,365</u>
	<u>6,538,876</u>	<u>4,521,155</u>
Increase (decrease) in cash resources	8,116	(501,063)
Cash resources, beginning of year	<u>31,830</u>	<u>532,893</u>
Cash resources, end of year	\$ <u><u>39,946</u></u>	<u><u>31,830</u></u>

See accompanying notes to financial statements.

KAHKEWISTAHAW 1907 TRUST - TRUST ACCOUNT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

The Kahkewistahaw 1907 Trust Agreement was ratified on November 25, 2002 by the Eligible Voters of the Kahkewistahaw First Nation. The Kahkewistahaw 1907 Trust - Trust Account was established to manage funds received pursuant to the Trust Agreement. The Trust Agreement provides specific provisions as to the procedures to be followed in the operation of the Trust.

Pursuant to the Trust Agreement, the Kahkewistahaw 1907 Trust is to purchase 29,000 acres of land as agent for and on behalf of the Kahkewistahaw First Nation. As at December 31, 2016, approximately 11,257 acres have been purchased by the Trust for a total cost of \$7,884,327. The Trustees incorporated Kahkewistahaw Specific Claim Holdings Inc. to hold title to all the land purchased. Once the appropriate approvals have been obtained, the land will be transferred to Her Majesty the Queen in Right of Canada in trust for the Kahkewistahaw First Nation, and set apart as Reserve Lands.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the significant accounting policies set out below to comply with the accounting requirements prescribed by the Kahkewistahaw 1907 Trust Agreement.

a) Capital Transactions

Capital transactions are recorded as a direct reduction of externally restricted net assets rather than being recorded as an expenditure or capital asset acquisition with an offsetting transfer from externally restricted net assets.

b) Capital

Capital is recorded as proceeds received pursuant to the Trust Agreement and other amounts contributed by the Kahkewistahaw First Nation less Negotiation Cost, Land Acquisitions, Community Development, Band Development, Authorized Expenses and a Per Capita Distribution. These payments are permitted under the terms of the Trust Agreement.

c) Investments

Investments are recorded at cost. No provisions are made for any decline in value of the investments. Gains and losses are only recorded when realized.

Premiums and discounts on the purchase of long-term bonds are not amortized to income over the terms of the bonds, but are included in the cost of the investment.

d) Revenue Recognition

Investment income is recognized as earned. Capital gains and losses are recognized on disposal of the investment.

e) Foreign Currency Translation

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities reflect the exchange rates at the statement of financial position date. Gains and losses on translation or settlement are included in the determination of net income for the current period.

f) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the periods in which they become known.

**KAHKEWISTAHAW 1907 TRUST - TRUST ACCOUNT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

2. COMMENCEMENT OF OPERATIONS

The Kahkewistahaw 1907 Trust - Trust Account commenced operations on February 25, 2003 when the first payment of the Settlement Monies was deposited into the Trust Account.

3. INVESTMENTS

	<u>2016</u>		<u>2015</u>
	<u>Market Value</u>	<u>Cost</u>	<u>Cost</u>
Short-term Investments			
<u>Phillips, Hagar & North</u>			
Phillips Hager & North - Canadian Money Market Fund	1,775,037	1,775,037	1,974,038
<u>Barrantagh Investment Management</u>			
Canada Treasury bills	\$ 1,412,719	1,412,719	673,643
Alimentation Couche – Tard SR UNSECD 2.861%	1,012,343	1,014,470	879,194
Ford Credit Canada	---	---	766,678
Government of Canada Bond	---	---	879,194
	<u>4,200,099</u>	<u>4,202,226</u>	<u>4,293,553</u>
Long-term Investments			
<u>Barrantagh Investment Management</u>			
<i>Bonds</i>			
Corporate Bonds – various bonds maturing from 2019 to 2026 with interest rates ranging from 1.25% to 5.34%	16,000,818	16,024,123	14,053,521
Provincial Government Bonds –bonds maturing in 2026 with interest rates ranging from 2.20% to 2.550%	6,389,460	6,339,675	---
Government of Canada Bonds	---	---	4,962,538
Corporate shares	19,641,768	15,062,363	15,481,235
<u>Phillips, Hagar & North</u>			
RBC Low Volatility Global Equity	4,777,119	4,236,385	3,875,661
RBC Global Equity Focus	4,529,273	4,663,553	4,451,620
Phillips Hager & North - Bond Fund	16,070,628	16,260,563	13,213,964
Phillips Hager & North – High Yield Bond Fund	1,401,017	1,380,668	1,400,878
Phillips Hager & North – Canadian Equity Value Fund	9,358,676	7,693,306	7,515,705
Phillips Hager & North – Mortgage Pension Trust	<u>6,912,440</u>	<u>6,841,542</u>	<u>6,619,008</u>
	<u>85,081,199</u>	<u>78,502,178</u>	<u>71,574,130</u>
	\$ <u>89,281,298</u>	<u>82,704,404</u>	<u>75,867,683</u>

**KAHKEWISTAHAW 1907 TRUST - TRUST ACCOUNT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

4. DUE TO KAHKEWISTAHAW FIRST NATION BAND ACCOUNT - KAHKEWISTAHAW 1907 TRUST

Pursuant to 7.01 of the Trust Agreement, revenues from the Kahkewistahaw 1907 Trust - Trust Account not transferred to Kahkewistahaw First Nation Band Account – Kahkewistahaw 1907 Trust must be recorded as a payable to the Kahkewistahaw First Nation Band Account – Kahkewistahaw 1907 Trust by way of an unrestricted demand promissory note.

The amount due to Kahkewistahaw First Nation Band Account – Kahkewistahaw 1907 Trust Account is unsecured and non-interest bearing.

The Kahkewistahaw First Nation is related by common membership.

5. DUE FROM KAHKEWISTAHAW FIRST NATION

	<u>2016</u>	<u>2015</u>
Due from Kahkewistahaw First Nation – land lease revenue	\$ <u>41,194</u>	<u>59,409</u>

The amount due from the Kahkewistahaw First Nation is unsecured and non-interest bearing.

The Kahkewistahaw First Nation is related by common membership

6. CONTINGENT LIABILITY

Canada Revenue Agency has issued an advanced tax ruling that can be interpreted that income earned on the Settlement Monies is not taxable. However, income earned on income retained by the Trust could be taxable if it is not paid or payable to Kahkewistahaw First Nation. Income paid by the Trust to the Kahkewistahaw First Nation should not be subject to taxation pursuant to 149(1)(c) of the Canadian Income Tax Act.

7. EXTERNALLY RESTRICTED - CAPITAL

	<u>2015</u>	<u>2016 activity</u>	<u>2016</u>
Settlement Monies pursuant to Trust Agreement	\$ 91,402,602	---	91,402,602
Negotiation Cost	(4,000,000)	---	(4,000,000)
Land Acquisitions	(7,154,327)	(730,000)	(7,884,327)
Community Development	(10,000,000)	---	(10,000,000)
Band Development	(12,197,907)	(245,022)	(12,442,929)
Transfer to Kahkewistahaw First Nation Authorized Expense Account – 1907 Kahkewistahaw Trust	(1,250,000)	---	(1,250,000)
Per Capita Distribution	(4,412,189)	---	(4,412,189)
Contribution from Kahkewistahaw First Nation – land lease	276,982	25,637	302,619
Contribution from Kahkewistahaw First Nation - other	10,812,523	4,065,000	14,877,523
Contribution from Kahkewistahaw First Nation - Minimum Amount	<u>13,780,605</u>	<u>3,423,261</u>	<u>17,203,866</u>
Balance, end of year	\$ <u>77,258,289</u>	<u>6,538,876</u>	<u>83,797,165</u>

**KAHKEWISTAHAW 1907 TRUST - TRUST ACCOUNT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

7. EXTERNALLY RESTRICTED – CAPITAL - continued

Pursuant to the Chief Kahkewistahaw Settlement Agreement, Canada agreed to pay the Kahkewistahaw First Nation and the First Nation agreed to accept \$94,650,000 as Compensation for the Claim. In addition, the First Nation agreed that Canada deduct from the Compensation \$3,247,398 representing the full and final repayment of all outstanding loans to negotiate the Claim. As a result, \$91,402,602 was deposited into the Trust Account.

Pursuant to 3.01(a) of the Trust Agreement, up to \$4,000,000 was used to pay Negotiation Cost.

Pursuant to 3.01(b), and 4.01 of the Trust Agreement, Trust property can be utilized to purchase Land.

Pursuant to 3.01(c) of the Trust Agreement, up to \$10,000,000 can be utilized for Community Development. Of this amount, \$3,000,000 was utilized for the construction and development of an education centre; \$2,000,000 for housing; and \$5,000,000 for developing the Yorkton Mall Project.

Pursuant to 3.01(d) and 5.01 of the Trust Agreement, Trust Property can be utilized for Band Development.

Pursuant to 3.01(g) of the Trust Agreement, up to \$500,000 and up to \$750,000 can be transferred to the Authorized Expense Account during the fiscal periods ended December 31, 2003 and December 31, 2004, respectively. These funds were used by the First Nation to pay Authorized Expenses related to the operation of the Trust.

Pursuant to 3.01(h) of the Trust Agreement, a one time only payment of up to \$4,500,000 was used to make a Per Capita Distribution to the members of the Kahkewistahaw First Nation.

Pursuant to 4.06 of the Trust Agreement, the Trustees are to collect land lease revenues on behalf of and as agent for Kahkewistahaw First Nation. The lease revenue is to be deposited into the Trust Account as a contribution from the First Nation.

8. TRANSFER REVENUES TO KAHKEWISTAHAW FIRST NATION BAND ACCOUNT - KAHKEWISTAHAW 1907 TRUST

Pursuant to 7.01 of the Trust Agreement, all Revenues Realized and Revenues Earned are to be transferred to the Band Account. If it is not possible to transfer all revenues then an unrestricted demand promissory note is issued from the Trust to the First Nation for these excess revenues.

Pursuant to 9.01(e) of the Trust Agreement, funds transferred to the Kahkewistahaw First Nation Band Account – Kahkewistahaw 1907 Trust must be utilized to:

- firstly make a contribution to the Kahkewistahaw 1907 Trust - Trust Account to increase the Minimum Amount;
- transfer funds to the Authorized Expense Account to pay Authorized Expenses. The Trustees and Chief and Council are to work together to prepare a written budget. Once the budget has been prepared, it is to be approved by the Chief and Council; and
- unless the Eligible Members vote otherwise, all remaining funds, including any revenues realized on the investment of funds in the Band Account, are to be transferred to the Trust Account before December 31 of the following year.

9. RELATED PARTY TRANSACTIONS

All costs related to the operation of the Trust are the responsibility of the Kahkewistahaw First Nation. Separate financial statements are prepared for the Kahkewistahaw First Nation Authorized Expense Account – Kahkewistahaw 1907 Trust which reports on these costs.

**KAHKEWISTAHAW 1907 TRUST - TRUST ACCOUNT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

10. OTHER INFORMATION

The Trust as part of its operations carries a number of financial instruments. It is management's opinion that the Trust is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. Financial instruments exposing the Trust to interest rate risk are investments. Management has attempted to minimize this risk by selecting investments with a variety of rates of return and maturity dates.

Foreign currency risk

The Trust has investments which are denominated in United States currency (US\$) on which the related revenues and interest receivable are subject to exchange rate fluctuation. As at December 31, 2016, the following items are denominated in foreign currency:

	<u>2016</u> (Cost – Cdn\$)	<u>2016</u> (Market Value - Cdn\$)
Investments – US\$	\$5,810,554	7,067,555

Credit Concentration

Financial instruments that potentially subject the Trust to concentrations of credit risk consist primarily of investments which are comprised of fixed rate investments and equities. Management believes credit risk is limited as investments are made in accordance with the Trust's investment policy. Under the policy, eligible investments are limited to investment grade bonds and high quality equities.

11. MINIMUM AMOUNT

The Kahkewistahaw 1907 Trust Agreement provides for the preservation of capital by establishing requirements outlining the Minimum Amount of net assets the Trust must maintain. The amount is computed with reference to cash, accounts receivable (excluding accruals) and investments; less notes payable. At December 31, 2016 the Minimum Amount required is \$77,203,865; the Trustees have \$83,683,666 appropriated towards the Minimum Amount. The Minimum Amount requirement for December 31, 2017 is \$78,129,025.

The Minimum Amount was originally defined in the Trust Agreement to be \$60,000,000 upon receipt of the final payment from Canada which happened in 2006. From 2007 to 2011 the Minimum Amount is to be increased by 50% of the Revenues Realized from the previous year. From 2012 to 2016 the Minimum Amount is to be increased by 40% of the Revenues Realized from the previous year. From 2017 to 2021 the Minimum Amount is to be increased by 30% of the Revenues Realized from the previous year.

The Minimum Amount has been as follows:

2006	60,000,000
2007	61,483,926
2008	62,848,797
2009	64,215,356
2010	65,766,646
2011	67,451,237
2012	68,312,859
2013	69,522,978
2014	70,982,240
2015	73,780,605
2016	77,203,865

**KAHKEWISTAHAW 1907 TRUST - TRUST ACCOUNT
SCHEDULE OF LAND ACQUISITIONS
YEAR ENDED DECEMBER 31, 2016**

<u>Land purchases</u>	<u>Approximate Acres</u>	<u>Amount</u>
2003	1,432	\$ 867,000
2004	320	63,300
2006	462	128,000
2007	1,755	497,000
2008	2,194	668,575
2009	6	2
2010	779	522,150
2012	702	644,300
2013	1,262	1,340,000
2014	1,231	1,564,000
2015	634	860,000
2016	<u>480</u>	<u>730,000</u>
Total	<u>11,257</u>	<u>7,884,327</u>

See accompanying notes to financial statements.



Investment Consultant Overview

W. Shupe & Company
Investment Consultant to the Kahkewistahaw
1907 Trust

2016 Capital Markets Summary

2016 was a reasonably good year for Capital Markets with Canadian stocks among the global leaders as the S&P/TSX Composite Index was up 21.1% for the year.

The United States equity market was also positive as the S&P Composite Index was up 12.0% for the year (though up only 8.6% in Canadian dollar terms as the Canadian dollar strengthened versus the U.S. dollar during 2016). Outside North America, stock market returns didn't fare as well as the MSCI EAFE Index (which represents Europe, Australia and the Far East) was down -2.5% in Canadian dollar terms, adversely impacted by the Brexit turmoil.

Fixed Income/Bonds generated modest returns in 2016 as interest rates started to rise in the latter part of the year on the prospects for stronger economic growth. The overall Bond market, as measured by the FTSE Canada Universe Bond Index, was up only 1.7% in 2016. While economic growth in Canada averaged only 1.4% in 2016, there was significant improvement later in the year as year-over-growth in the 4th Quarter was a much stronger 2.6% with consensus forecasts for 2017 now well above 2%. Inflation also remained subdued, up just 1.4% on average over the year.

Investment Consultant Overview (Cont'd)

Trust 2016 Investment Performance: 6.0%

The Trust was able to achieve a satisfactory return of 6.0% in 2016, which translated into a dollar investment return of approximately \$5.3 Million. The Trust again benefited from its investments in Canadian and Global Equities (which comprised about 42% of the Trust's investments in 2016), as well as modest returns from its sizable fixed income portfolio (mostly comprised of quality government and corporate bonds).

Trust Longer Term Investment Performance

The Trust's long term investment performance continues to be strong. For the 12 Year period since inception, the Trust has managed to achieve a 5.9% annualized return despite highly volatile and challenging markets (including 2008 which was one of the worst performing stock market years on record). Over the past 5 Years (2012 – 2016), the Trust has generated a highly satisfactory annualized return of 7.8%. Over the long term, both Investment Managers have been able to achieve investment returns that have satisfied the Trust's investment objectives and exceeded their respective performance benchmarks.

Compliance with the Trust's Investment Objectives and Policies

The Trust's major investment objectives include:

- Preserving the Trust's capital so funds are maintained for future generations.
- Achieving stable income streams and modest capital growth without undue risk to meet current spending needs and the longer term goals of the First Nation.
- Ensuring the Trust is prudently diversified to minimize risk.

It is our assessment that the investment activities of the Trust and the Investment Managers in 2016 were in compliance with these important investment objectives.

W. Shupe & Company
Investment Consultant to The Kahkewistahaw 1907 Trust

Investment Consultant Overview (Cont'd)

Financial Position of the Trust (as at March 31, 2017)

Market Value of Trust (March 31, 2017): **\$93,153,172**

The Market Value reflects the actual value and true wealth of the Trust. The Trust's market value as at March 31, 2017 was about \$93.2 Million – a substantial increase from the Trust's market value of \$64.8 Million in 2006 (the last year the Trust received a Trust payment from the Government of Canada). This increase in the Trust's market value is especially notable given the substantial land purchases and community development expenditures that the Trust has made over this period.

Value of the Trust Property (March 31, 2017): **\$84,080,812**

The Value of the Trust Property is a defined term in the Trust Agreement and basically reflects the "cost" or "book value" of the Trust investment funds (i.e. investments held by the Trust valued at their original cost or purchase price as opposed to their current market value).

Minimum Amount (March 31, 2017): **\$78,129,025**

The Minimum Amount is a defined term in the Trust Agreement and increases every year by a certain percentage of the Trust's Revenues Realized that must be paid back into the Trust. The Minimum Amount is an important value for the Trust because if the Value of the Trust Property falls below the Minimum Amount, then Trust Funds cannot be used for any Band Development and Land Purchases.

Volatility Tolerance of the Trust (March 31, 2017):**16.1%**

The Trust's Volatility Tolerance, measured in percentage terms, is basically the dollar difference or cushion between the Market Value of the Trust and the Minimum Amount. A higher Market Value relative to the Minimum Amount better allows the Trust to carry out spending activities without running the risk that the Value of the Trust Property might fall below the Minimum Amount and thus prevent any further spending altogether. The Volatility Tolerance cushion can be significantly impacted by the Trust's spending activities. Spending amounts on Band Development or Land Purchases must be withdrawn from the Trust and effectively reduce the Market Value and the Value of the Trust Property by the amount of the spending. Since the Minimum Amount increases each year, if the Market Value and the Value of the Trust Property are at the same time decreasing by the amount of the spending, this poses greater risk that the Volatility Tolerance cushion may disappear and prevent the Trust from making land purchases or band development expenditures.

The Trust's objective is to achieve and maintain a Volatility Tolerance cushion of at least 10% (i.e. the Market Value of the Trust should try to be maintained at least 10% higher than the Minimum Amount). As at March 31, 2017, the Trust's Market Value of \$93.2 Million had a Volatility Tolerance cushion of 16.1% relative to the Minimum Amount. In other words, the Trust's Market Value would have to fall 16.1% before it would no longer be greater than the Minimum Amount.

Trust Spending Policy

In 2016, Trustees of the Trust and Band Council agreed to amend the Investment Policy Statement of the Trust to provide greater spending flexibility for the Trust so that more Trust funds can be available for Land Purchases and Band Development. The Investment Policy Amendment deleted the Annual Spending Policy provision that had limited annual spending for Authorized Expenses, Land Purchases and Band Development to about 2.5% of the Trust's Market Value. Now, with this recent Amendment to the Investment Policy, the Trust will be able to increase its annual spending on Land Purchases and Band Development provided that the Trust remains compliant with the Trust's Minimum Amount provision (which states that the Trust can only spend funds on Land Purchases and Band Development if the Value of the Trust Property continues to be higher than the Trust's Minimum Amount).

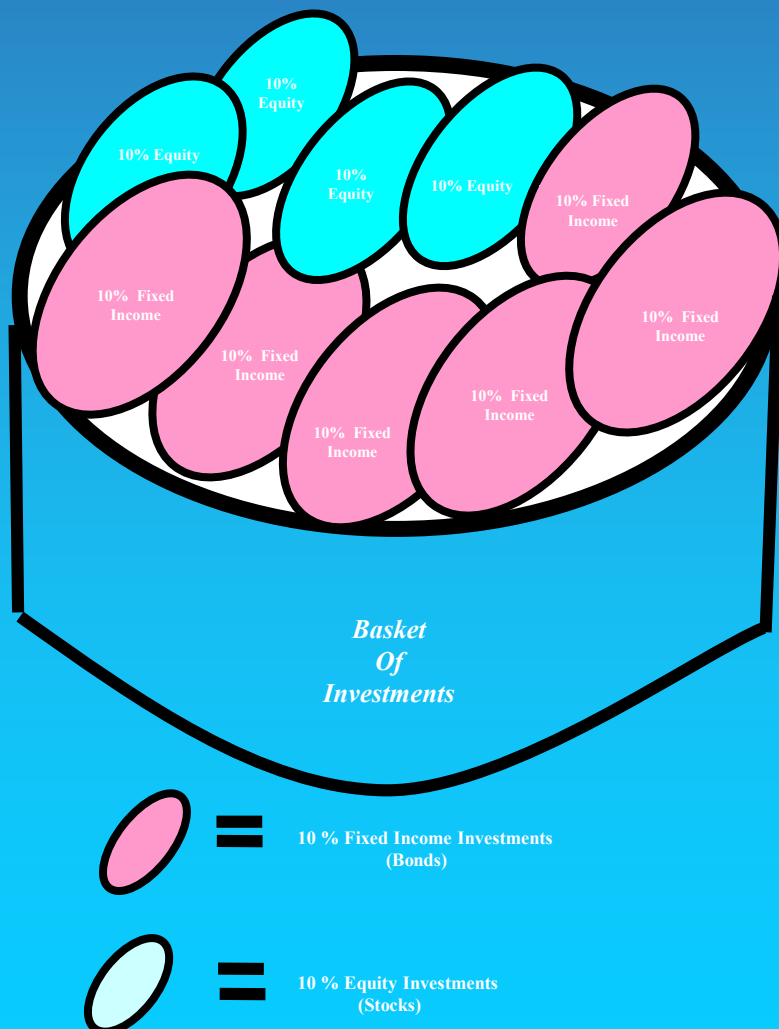
The Trust's Investment Asset Mix

The Trust's Asset Mix represents how much of the Trust is invested in fixed income investments (e.g. bonds) and equity investments (e.g. stocks). The Asset Mix is prudently balanced between lower risk fixed income securities (which fulfill the capital preservation and income producing objectives of the Trust) and higher risk equities (which fulfill the capital growth objectives of the Trust).

The Trust's Investment Policy states that the Trust shall be invested within the following Asset Mix percentage ranges:

Fixed Income (Bonds) :Minimum 50% - Maximum 80% (Current Target: 60%)

Equity (Stocks): Minimum 20% - Maximum 50% (Current Target: 40%)



Investment Managers Report



Wally Kusters
Investment Manager
- Barrantagh -

BIM is a reputable Toronto based institutional investment manager.

The Trust's investments in BIM are made on a "Segregated Account" basis in which all the Trust's investments are not pooled with other investors but maintained and registered in a separate account held in the Trust's name. This approach allows the investment manager to specifically tailor the investments to meet the Trust's investor's objectives.



Gord Keesic
Investment Manager
- Phillips Hager & North -

PHN is a subsidiary of the Royal Bank and is one of Canada's largest and most reputable investment managers.

The Trust's investments in PHN are in several different "Pooled Funds". Pooled Funds are very similar to Mutual Funds. Each Pooled Fund in which the Trust invests has specific investment objectives appropriate to the Trust's Investment Policy. Because the Trust's investment in each Pooled Fund is pooled together with other investors, the Pooled Fund has a significant economies of scale and thus provides the advantage of broad investment diversification with lower investment costs.



Kahkewistahaw 1907 Trust December 31, 2016 Quarterly Summary Report

Respectfully submitted by Gord Keesic, Head, Aboriginal Services Group
Phillips, Hager & North Investment Management

Key Financial Objectives

- Safety of principal in compliance with the “minimum amount” provisions to ensure funds are maintained for future generations;
- Assurance of stable and consistent income streams to meet the goals of the Kahkewistahaw First Nation;
- Seeking modest capital appreciation without undue risk such that the Fund continues to grow over time;
- Minimize risk through diversification;
- Show rates of return over the long-term superior to those achieved from investment solely in short-term notes or other fixed income instruments.

Summary of Assets

As of December 31, 2016	Market Value (\$)	Net Contributions (\$) Since Inception	Gain (Loss) (\$) Since Inception
Kahkewistahaw 1907 Trust	44,826,499	18,990,084	25,836,415

Market Value: Represents the value of all the investments held inside the portfolio at the date of the report. Net

Contributions: Original amount of funds invested plus all the additional contributions less all withdrawals.

Gain/(Loss): Increase or decrease in market value of assets from investment returns (market value minus net contributions).

Account Performance

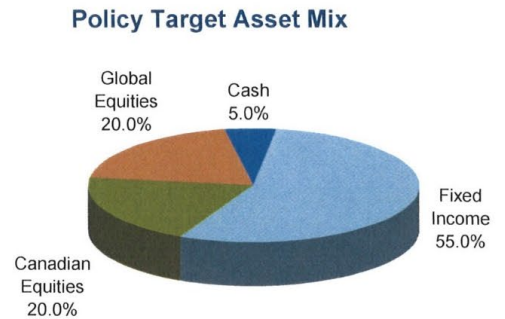
Performance Comparison as of December 31, 2016	3 Mo (%)	1 Yr (%)	2 Yr (%)	3 Yr (%)	4 Yr (%)	5 Yr (%)	10 Yr (%)	SI (%)
Kahkewistahaw 1907 Trust (Pre-Fee returns)	0.07	6.69	5.93	7.35	7.94	7.95	5.75	6.03
Benchmark ¹	<u>0.22</u>	<u>5.81</u>	<u>4.85</u>	<u>6.21</u>	<u>6.91</u>	<u>6.75</u>	<u>5.35</u>	<u>5.70</u>
Difference	-0.15	+0.88	+1.08	+1.14	+1.03	+1.20	+0.40	+0.33
Post-Fee Returns	-0.01	6.37	5.61	7.02	7.61	7.62	5.42	5.70

Inception date: December 31, 2004

Policy Asset Mix Target

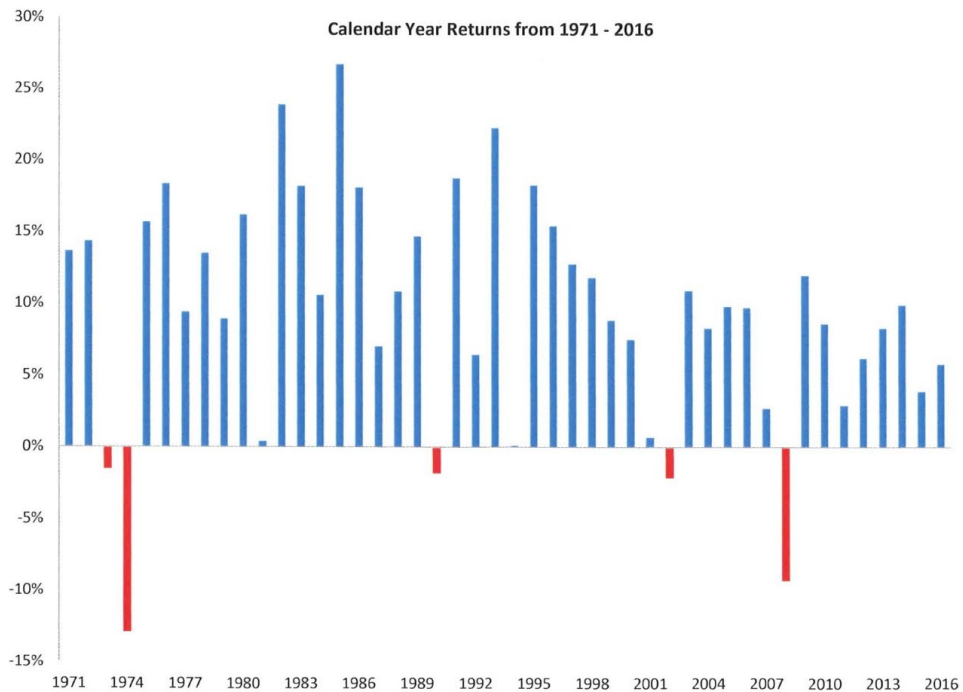
The “Policy Target Asset Mix” represents the mix of instruments set in the investment policy. It lays out how much should be invested in cash, bonds and the various stock markets. We are permitted to deviate from these amounts based on where we see the best opportunities. The “Actual Mix” shows how much of the portfolio is invested in each type of investment.

	Target %	Dec 31/16 %
Cash & Short Term Securities	5.0	4.0
Fixed Income	55.0	54.4
Total Fixed Income	60.0	58.4
Canadian Equity	20.0	20.9
Global Equity	20.0	20.8
Total Equity	40.0	41.7
Total	100.0	100.0

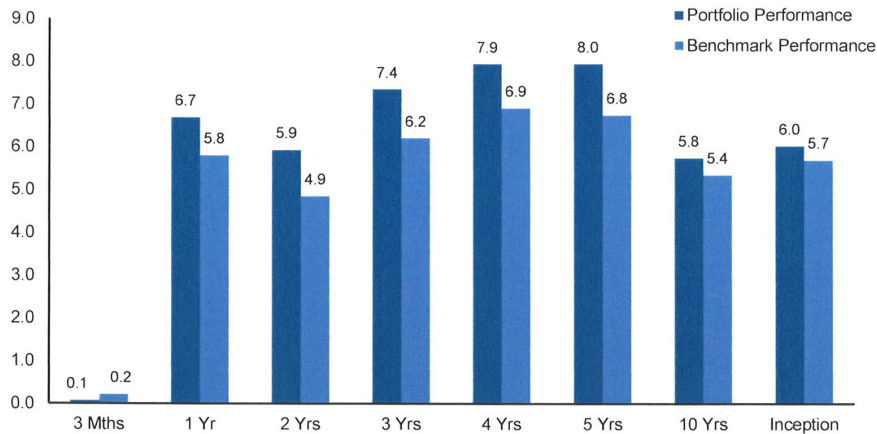


Historical Returns

This shows how the policy asset mix invested in the overall markets (their indices) would have performed each year for the last 40 years. While past performance should not be used to predict future performance, it may give a good idea of how returns can vary year to year.



Returns & Performance at December 31, 2016



Portfolio Performance: represents the performance of your investments.

Benchmark Performance: is one measurement of how your portfolio compared against the market as a whole. It is calculated by applying the policy asset mix to the various market indices (which are one measure of how each market did as a whole). Your current benchmark is: 5% FTSE TMX Canada 91 Day T-Bill Index, 15% FTSE TMX Canada Short Term Overall Bond Index, 40% FTSE TMX Canada Universe Bond Index, 20% S&P/TSX Composite Index, 20% MSCI World Net Index (C\$).

Indices Explained

A market indices is designed to measure price changes of an overall market, such as a stock market (e.g. the Canadian Stock Market, US Stock Market, or non-North American Stock Markets) or a bond market. Each is a hypothetical basket of securities, comprised to give an indication of how that particular market is doing as a whole. There are many different indices, produced by different organizations. The most commonly used by Canadian investors are:

Cash: 30 day Treasury Bills (T-Bills) represent loans made by the Canadian Government, which are repaid in 30 days. New T-bills are issued every 2 weeks. The FTSE TMX Canada 30 Day T-Bill Index represents the return an investor would receive by owning the latest issued 30 day T-bill.

Bonds: The FTSE TMX Canada Universe Bond Index consists of a broadly diversified selection of investment-grade Government of Canada, provincial, corporate and municipal bonds issued domestically in Canada and denominated in Canadian dollars. It contains approximately a 1,000 different securities. The FTSE TMX Canada Short Term Overall Bond Index covers the same types of bonds that are shorter in duration.

Canadian Equities: the S&P/TSX Composite Index shows the stock (equity) prices of approximately 250 of the largest companies on the Toronto Stock Exchange (TSX). This accounts for about 70% of market capitalization for all Canadian-based companies listed on the TSX


Global Equities: the MSCI World Index is a stock market index of 1,612 stocks from around the world. It includes a collection of stocks of all the developed markets in the world, as defined by MSCI. The index includes securities from 23 countries but excludes stocks from emerging and frontier economies.

Performance of Individual Investments Held in Your Portfolio (versus their market indices) at December 31, 2016

Fund Performance Comparison as of December 31, 2016	3 Mo (%)	1 Yr (%)	3 Yr (%)	4 Yr (%)	5 Yr (%)	10 Yr (%)	Inception (%)	Fund Inception Date
PH&N Canadian Money Market Fund	0.23	0.91	1.02	1.07	1.09	1.67	2.06	2002-10-31
<i>FTSE TMX Canada 91 Day TBill Index</i>	<u>0.14</u>	<u>0.51</u>	<u>0.68</u>	<u>0.77</u>	<u>0.81</u>	<u>1.39</u>	<i>n.a</i>	
Difference	+0.11	+0.44	+0.38	+0.35	+0.33	+0.44	n.a	
PH&N Bond Fund	-3.29	2.44	5.15	3.66	3.74	5.21	5.72	2002-10-31
<i>FTSE TMX Canada Universe Bond Index</i>	<u>-3.44</u>	<u>1.66</u>	<u>4.61</u>	<u>3.13</u>	<u>3.22</u>	<u>4.78</u>	<u>5.27</u>	
Difference	+0.15	+0.78	+0.54	+0.53	+0.52	+0.43	+0.45	
PH&N Mortgage Pension Trust	-0.70	2.03	3.96	3.62	3.54	4.82	5.21	2001-11-30
<i>FTSE TMX Cda Short Term Overall Bond Index</i>	<u>-0.50</u>	<u>1.01</u>	<u>2.22</u>	<u>2.10</u>	<u>2.08</u>	<u>3.56</u>	<u>3.89</u>	
Difference	-0.20	+1.02	+1.74	+1.52	+1.46	+1.26	+1.32	
PH&N High Yield Bond Fund	3.81	18.50	6.73	6.53	7.51	7.93	9.25	2002-10-31
<i>FTSE TMX Canada Universe Bond Index</i>	<u>-3.44</u>	<u>1.66</u>	<u>4.61</u>	<u>3.13</u>	<u>3.22</u>	<u>4.78</u>	<u>5.27</u>	
Difference	+7.25	+16.84	+2.12	+3.40	+4.29	+3.15	+3.98	
PH&N Canadian Equity Value Fund	5.53	22.02	9.26	10.90	11.45	-	9.95	2009-12-31
<i>S&P/TSX Capped Composite Index</i>	<u>4.54</u>	<u>21.08</u>	<u>7.06</u>	<u>8.52</u>	<u>8.25</u>	-	<u>6.90</u>	
Difference	+0.99	+0.94	+2.20	+2.38	+3.20	-	+3.05	
RBC QUBE Low Vol Global Equity Fund (CAD)	1.07	5.04	16.24	-	-	-	18.38	2013-01-18
<i>MSCI World Net Index C\$</i>	<u>3.93</u>	<u>3.79</u>	<u>12.18</u>	-	-	-	<u>16.74</u>	
Difference	-2.86	+1.25	+4.06	-	-	-	+1.64	
RBC Global Equity Focus Fund (CAD)	0.33	1.03	-	-	-	-	14.30	2014-04-28
<i>MSCI World Net Index C\$</i>	<u>3.93</u>	<u>3.79</u>	-	-	-	-	<u>11.62</u>	
Difference	-3.60	-2.76	-	-	-	-	+2.68	

All fund units are Series O unless otherwise stated in the name of the fund. Total returns are gross-of-fee and reported in Canadian dollars.

Large holdings in each of the equity funds and their weight within their fund

Canadian Equities		Global Equities	
7.3 % Royal Bank of Canada		4.3% UnitedHealth Group Inc.	
6.4% Toronto-Dominion Bank		4.2% First Republic Bank	
4.9% Bank of Nova Scotia		4.1% EOG Resources Inc	

Glossary of Investment Terms

Bond: A debt instrument issued for a period of more than one year with the purpose of raising capital by borrowing. The Federal government, Provinces, cities, corporations issue bonds. Generally, a bond is a promise to repay the principal along with interest (coupons) on a specified date (maturity).

Cash: A debt instrument issued for a period of less than one year.

Mortgage: A loan to finance the purchase of real estate (commercial, industrial or residential) usually with specified payment periods and interest rates. The borrower (mortgagor) gives the lender (mortgagee) a lien on the property as collateral for the loan.

Equities (Stocks): Ownership interest in a corporation in the form of common stock or preferred stock.

Fund: An investment pool in which multiple investors contribute assets and hold them as a group. The advantages include lower costs and diversification. A fund could hold approximately 40 to 100 different securities.

Investment Grade: bonds rated “BBB” or higher by the major credit rating agencies.



**Kahkewistahaw 1907 Trust
Barrantagh Portfolio**

Overview

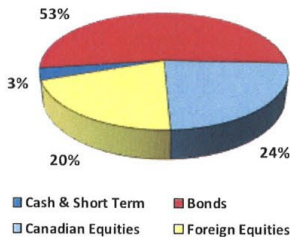
Kahkewistahaw’s financial objectives stress the safety of principal without undue risk. As we move into 2017, the level of global GDP growth continues to remain positive. Given the conservative nature of your investment objectives, which have an emphasis on preserving capital, we continue to remain positioned in higher quality corporate bonds and stocks. We expect the asset mix positioning of the portfolio to favour equities, relative to the benchmark, as we move through the year.

Fund Objectives

The financial objectives of the Fund are a balance of the following objectives:

- preservation of capital in compliance with the “minimum amount” provisions, to ensure funds are maintained for future generations;
- assurance of stable and consistent income streams to meet the goals of the Kahkewistahaw First Nation;
- seeking modest capital appreciation without undue risk such that the Fund continues to grow over time;
- minimize risk through diversification; and
- achieve rates of return over the long term superior to those achieved from investment solely in fixed-income instruments.

Asset Mix



Asset Mix (%)	Dec. 31/16	Policy Target
Cash & Short Term	3.25%	5%
Bonds	52.83%	55%
Canadian Equities	23.75%	20%
Foreign Equities	20.16%	20%

Largest Holdings in Each Asset Class:

Canadian Equities

Toronto Dominion Bank
Bank of Nova Scotia
Royal Bank of Canada
BCE Inc.
Enbridge Inc.

Foreign Equities

JP Morgan Chase & Co.
MetLife Inc.
Microsoft Corp.
Nestlé S.A.
MasterCard Inc.

Fixed Income

Province of Saskatchewan, 2.55% 02Jun2026
Province of Alberta, 2.2% 01Jun2026
Canada Mortgage Bond, 1.25% 15Jun2021
PSP Capital Inc., 3.29% 04Apr2024
Province of Manitoba, 2.55% 02Jun2026

Performance Summary

2016 Calendar Year Performance

Value of Portfolio December 31, 2015	*Total Net Cash Flow	Investment Income & Capital Gains(Losses)	Value of Portfolio December 31, 2016
\$40,474,488.32	\$1,880,461.30	\$2,290,031.09	\$44,644,980.71

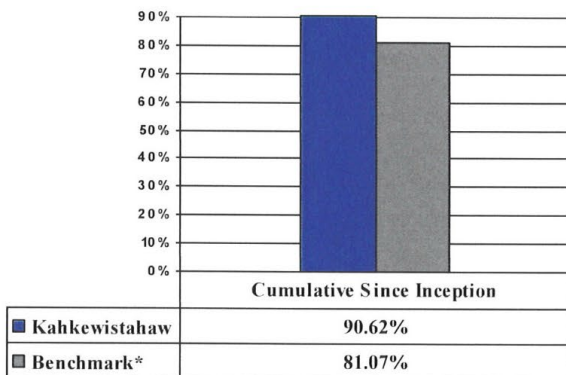
* total net cash flow = total contributions minus withdrawals (includes year end tax accounting transactions)

As we move through the 1st quarter of 2017 the portfolio continues to increase in value and is now worth approximately \$46,510,285.94 as of March 31.

Annualized Performance to Dec 31, 2016

	1 Year	2 Years	3 Years	4 Years	5 Years
Kahkewistahaw	4.94%	4.61%	6.08%	7.97%	7.58%
Benchmark*	6.08%	4.97%	6.65%	7.10%	6.95%

Performance Returns Since Inception



Performance Returns represent the percentage increase in the dollar value of the Trust portfolio. It is then compared against a Benchmark, which is the 'Investment Policy Target Asset Mix'.

The Performance Benchmark is currently: 5% T-Bill Index, 55% FTSE TMX Canada Universe Bond Index, 20% S&P/TSX Composite Index, 20% MSCI World Index

Since inception the portfolio has increased in value by 91%, close to 10% more than the benchmark.

For more information about Barrantagh, visit our website at www.barrantagh.com



Lands Report

Lands Report

Kahkewistahaw 1907 Trust 2016 Annual Report

Background

Under the terms of the Chief Kahkewistahaw Settlement Agreement, the Trust is required to purchase 29,000 acres of land within the Province of Saskatchewan and transfer these lands to Reserve Status within 30 years of the effective date (November 25, 2002) of the Settlement Agreement. There remains 15 years to purchase a balance of 17,742.72 acres. In order to attain our goal, we will be required to purchase at least 7 quarter sections (1,182.84 acres) of land every year for the next 15 years.

Land Acquisition

The land acquisitions have been within or adjacent to the Kahkewistahaw surrendered territory or lands that have potential for economic development.

Although there were two urban purchases, (Wolseley and Tantallon purchases) there are terms in the Trust Agreement that prevents the Trust from purchasing in urban areas without first obtaining the approval of band members. This process, unfortunately, takes time and money, thus potentially missed economic opportunities. Therefore, the Trust and Council will continue reviewing the Trust Agreement and may recommend changes to this document.

Land prices in Saskatchewan are on the increase. For example, agricultural land is now valued at approximately 1.5 times the Provincial SAMA assessment. In 2013 the Trust purchased a total of 1,262 acres for \$ 1,340,000.00 (Average cost per acre \$1,046.00) Therefore, purchasing these lands in 2016 would have cost 1.5 to 3 times more than what they were purchased for in 2015. This past year (2016), the Trust has purchased 480 acres at a cost of \$730,000.00 (Average cost per acre \$1,520.83) these purchases included two homes (Schindler's home and Pearson's home)

Lands Report (cont'd)

Figure 1

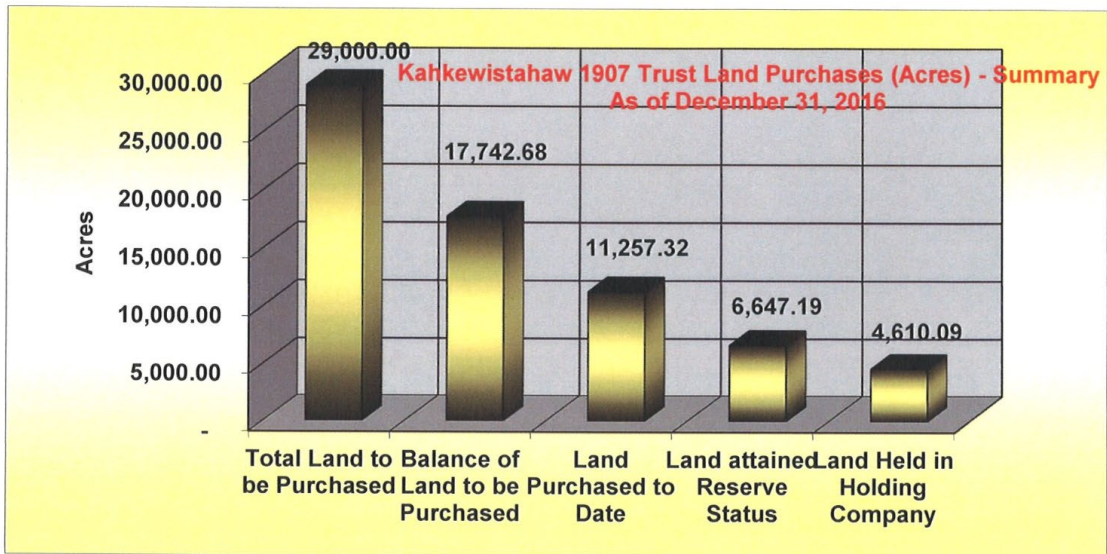


Figure 1, shows that the total land purchased to date is 11,257 acres with a balance of 17,742.68 acres to be purchased. Of the purchased acres, there has been a total of 6,647.19 acres transferred to reserve status.

Figure 2

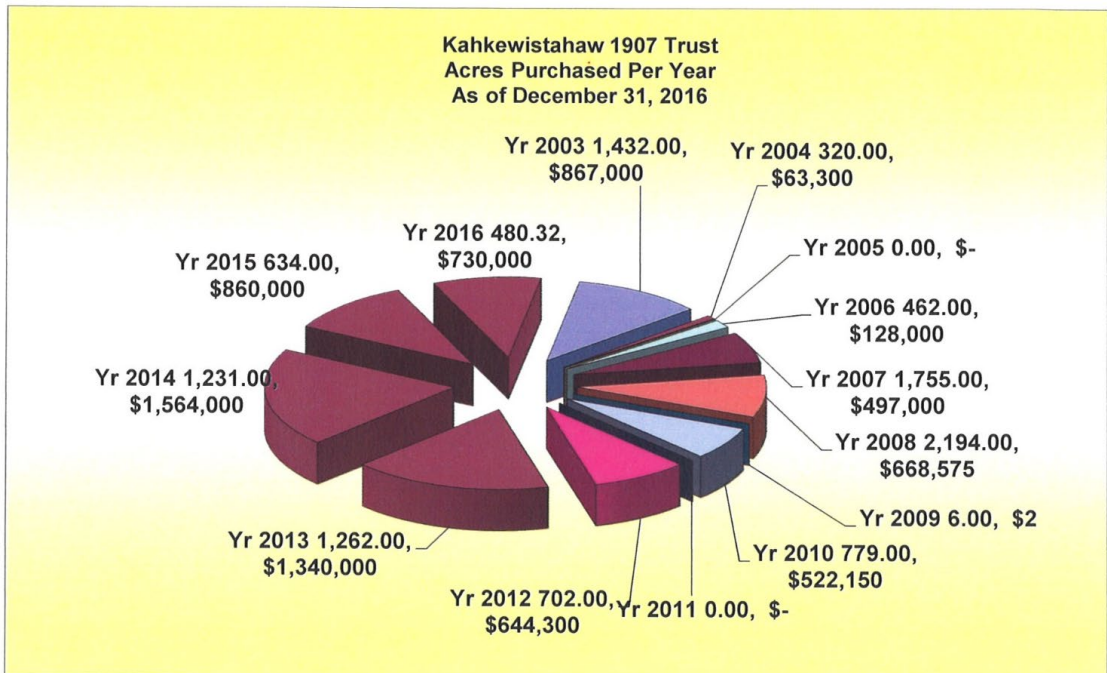


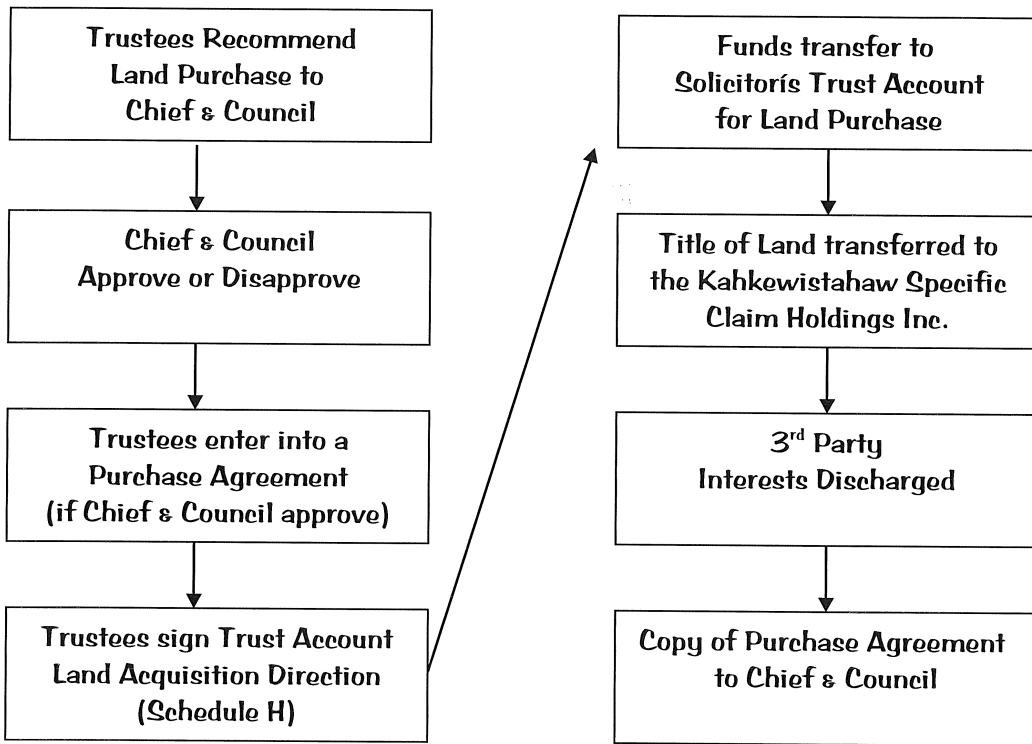
Figure 2, shows the purchase price of land in each year for a total of \$7,884,327.00.

Lands Report (cont'd)

Land Acquisition Process

On February 7, 2004, the Trustees and the Chief and Council approved a Land Acquisition Process, which sets out the procedures for purchasing the land, as follows:

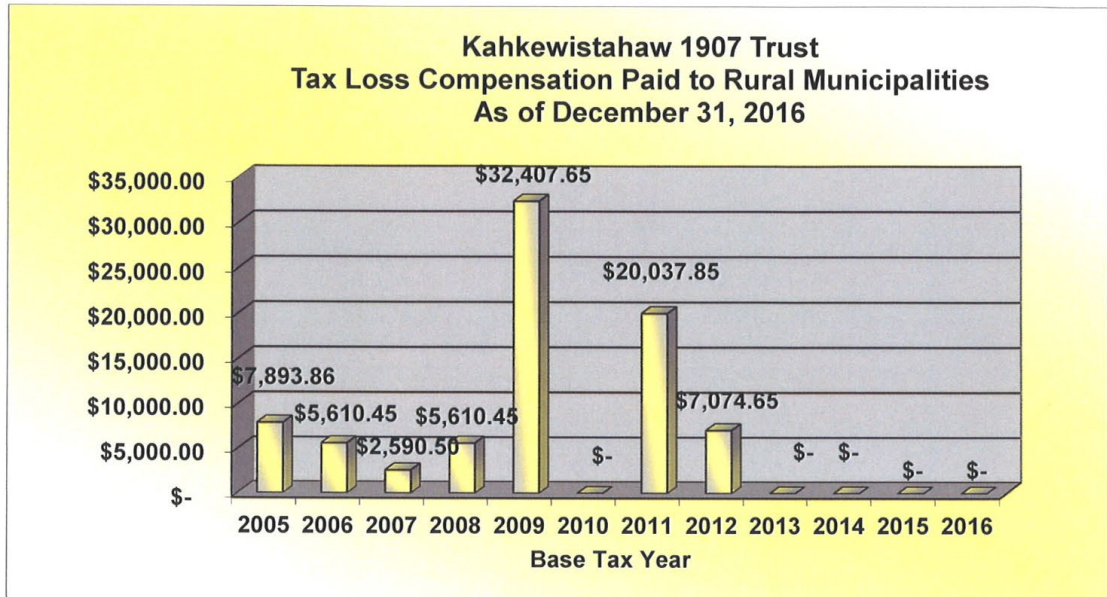
Figure 3



Lands Report (cont'd)

Land Property Taxes

Figure 4



Under Article 3.1(e) of the Chief Kahkewistahaw Settlement Agreement the First Nation is required to offer the affected rural municipality five times the annual Municipal Taxes based on the year prior to the land receiving reserve status, as tax loss compensation.

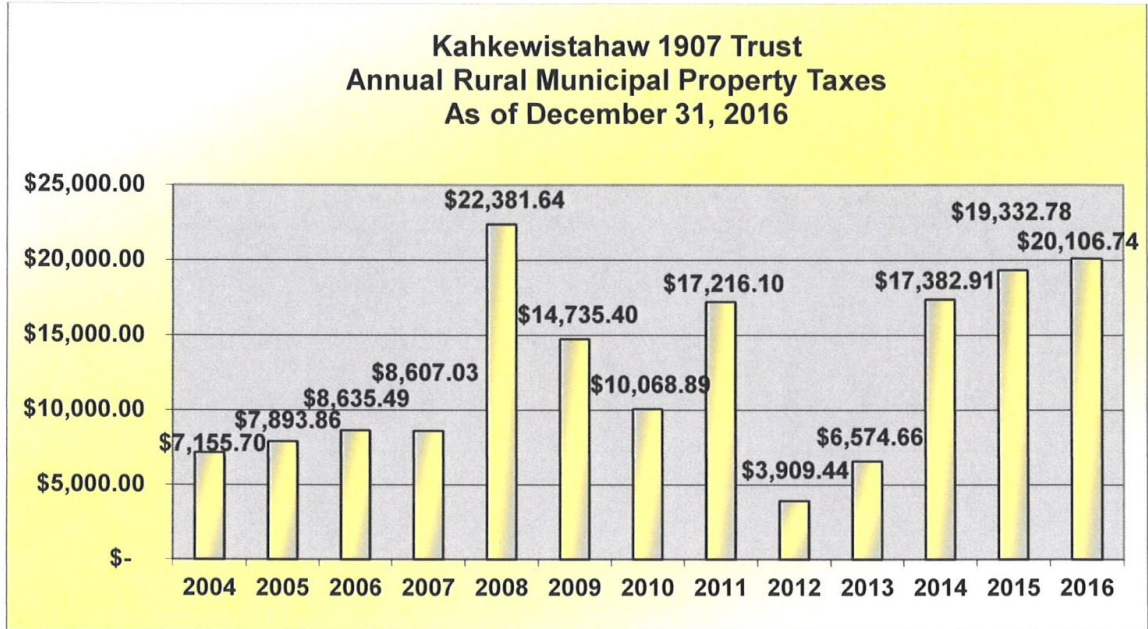
Figure 4 shows the tax loss compensation paid to the Rural Municipalities for those base tax years. **The total paid to date is \$81,225.41.**

Note: The years 2013 to 2016 where no Tax Loss Compensation was paid, indicates that the lands have not yet went to Reserve Status. In the year 2017 most of the lands the 1907 Trust administers, should be going to reserve status, with the exception where the 1907 Trust has to deal with the communities to put in place a Municipal Service Agreement with Wolseley, Tantallon and Whitewood.

We are also dealing with the Department of Highways on a number of properties that the Trust administers to, and these interests has to be dealt with prior to the lands going to Reserve Status.

Lands Report (cont'd)

Figure 5



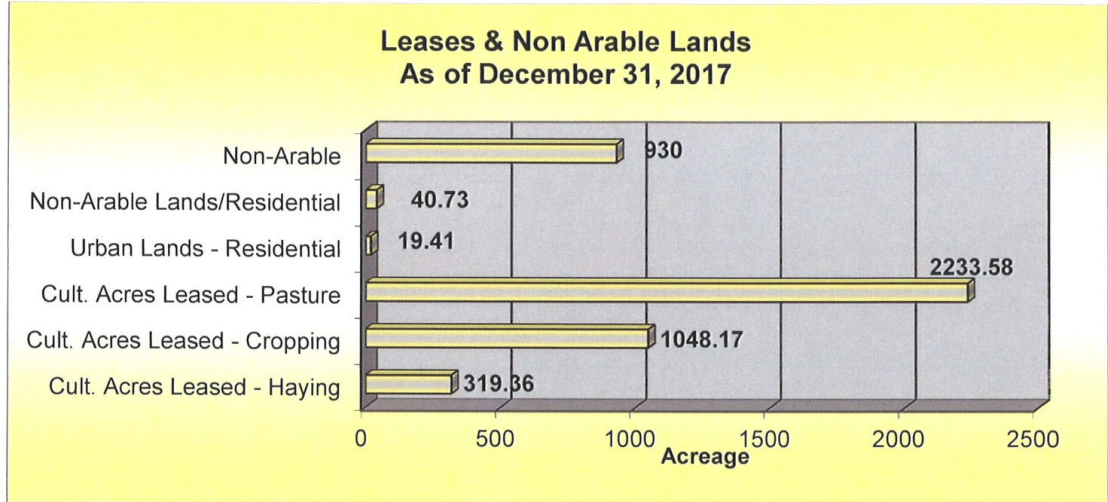
Under article 3.1 (e) of the Kahkewistahaw Settlement Agreement the First Nation is required to offer the affected Rural Municipality five times the annual Municipal Taxes based on the year prior to the setting apart of the land as reserve as tax loss compensation . **Figure 5** shows the amount of taxes paid to the Rural Municipality in every year for the lands that are held in fee simple while they are in the process of attaining reserve status.

Note: *If all the lands the Kahkewistahaw 1907 Trust administers turns to Reserve Status, we are looking at approximately \$100,533.70 in tax loss compensation which are 5 times the amount of taxes that the Trust pays every year.*

Lands Report (cont'd)

Leases and Revenue

Figure 6



It is the responsibility of the Trust to manage the lands held by the Holding Company in a prudent business-like manner. **Figure 6**, above shows that the Trust has a total of 4,591.25 acres in fee simple status currently and of those acres, there are leases for cropping, grazing, and haying. The non-arable lands represent those lands that will not be leased out due to trees, rock or water coverage, or there is a residence and buildings on the property.

Lands Report (cont'd)

Figure 7

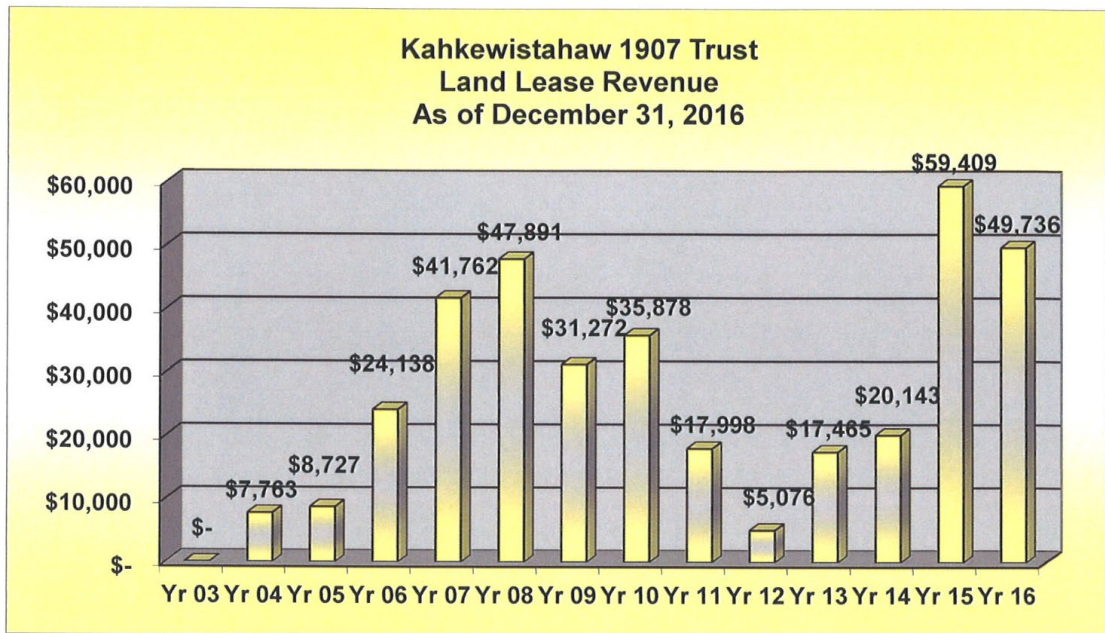


Figure 7 represents the land lease revenue from 2003 to 2016 for a total of \$367,258.00. For the year 2016, a total of \$49,736.00 was collected in lease revenue. Lease revenue decreases as land attains reserve status. Once land attains reserve status the lease file is transferred to the First Nation for their management and administration, and as the Trust purchases more land and leases it out, there is a fluctuation in land lease revenue from one year to the next.

Lands Report (cont'd)

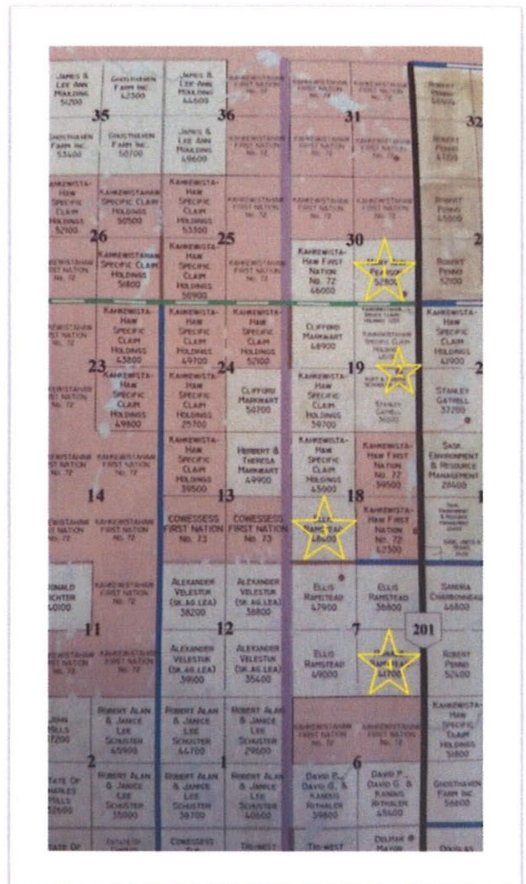
Figure 8

Figure 8 shows the lands that have been purchased in the year 2016 in the amount of 480.32 acres (Picture Highlighted by the stars).

The 1907 Trust has purchased in 2016 the following lands (marked by the Red Stars, from top to bottom);

2016 Purchases:

1. **Pearson Property:**
SE Quarter Section 30, Township 17, Range 4, W2M -158.00 acres
 2. **Schindler Property:**
SE Quarter Section 19, Township 17, Range 4, W2M – 6.24 acres
 3. **E. Ramstead Property:**
SW Quarter Section 18, Township 17, Range 4, W2M – 155.49 acres
 4. **R. Ramstead Property:**
SE Quarter Section 7, Township 17, Range 4, W2M – 158.00 acres
- All Containing 480.32 acres**





How to become a Trustee?



- Do you feel you have the dedication and commitment to be a Trustee?
- The Trustees consist of 3 on-reserve and 2 off-reserve candidates.
- Each are three year terms.
- Section 11.02 “Conditions of Selection” of the Kahkewistahaw 1907 Trust Agreement apply.

***** PLEASE NOTE: The Kahkewistahaw 1907 Trustee selection is done independently by a Screening Panel appointed by Chief and Council.***

The Screening Panel consists of:

- 1 On-Reserve Band Member,***
- 1 Off-Reserve Band Member,***
- 1 Elder and***
- 1 Non Band Member.***

***Further information can be obtained from First Nation’s Executive Secretary
1-888-691-0188***

Kahkewistahaw First Nation

Elder Comments



- Elder (Opening Comments)
- It is my pleasure to have the chance to speak, I am out of touch. I haven't been to a meeting in a long time, other than that it is good to see cheerful faces in a room which is positive thinking and a positive way of going.
- Everyone is smiling, everyone looks helpful, everyone looks like we are going in a direction of success, whatever success may be, but we are going in the right direction.



Elder (Closing Comments)

- Basically, you are on the right track, unfortunately I do not get this opportunity to sit, listen and elaborate on what is happening. As I have said before, we grow, we learn. I know sometimes we overlook but that is part of being a human, we got to get on track.
- All in all, you look organized, you put it down on paper, you have your objectives and that is the idea, to have our Community to be together the more together we are, the better we become.
- Keep up the good work, that is how we grow, I really appreciate you guys you have a nice mellow tone here, this is done in a fashionable way.



Elder (Opening Comments)

- Good morning everyone, Happy Birthday Leigha. Welcome to the staff here, my first time in this building, I have never been here before, it is nice.

Elder (Closing Comments)

- Glad to be here at this meeting you guys are doing a good job, keep up the good work, safe travels to the ones that have to travel.



Kahkewistahaw First Nation Elder Comments



Elder (Opening Comments- Elder made no closing comments)

- I like what we have here; we need to have this Trust for always, forever. I really don't want to see someone else take over.

•

Elder (Closing Comments- Elder made no opening comments)

- I am happy I came here today, thank you for asking me William. This is really interesting and I have heard you guys give your reports at the meetings, I had told my husband that this is the first time I seen a good group working together and they know what they are doing.
- That is my feeling about you guys and you are doing a good job.



Elder (Opening Comments)

- Thank you for inviting me. I have not been here for a while, it is good to see everyone.

Elder (Closing Comments)

- I am glad I was invited to come listen, you guys have a lot on your plate, lots to do and you are doing a good job. There are a lot of things I did not know until now, I am thankful for being here and God bless each and everyone.



NOTES

Kahkewistahaw 1907 Trust



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** NOTE: Our email address has changed.*