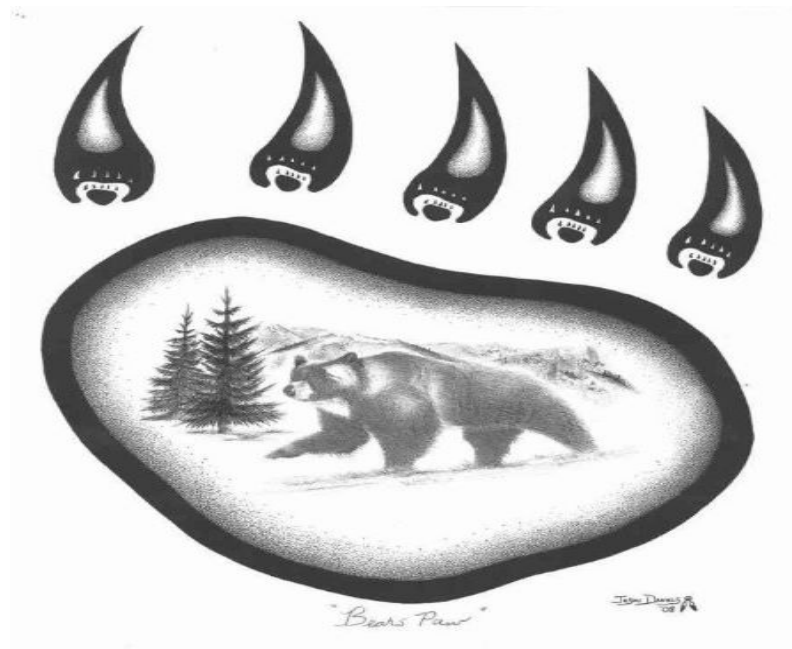


Bearspaw First Nation OZÎJA THIIHA LEGACY TRUST





▶ Presented: December 16, 2020

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Bring Bearspaw's per Capita Share of Capital Moneys Home From Ottawa

- Bearspaw Chief and Council has proposed to transfer its Capital Moneys, present and future, into an independent Trust
- Proposal must go through a process under INAC Policy on the Transfer of Capital Moneys through paragraph 64(1)(k) of the Indian Act

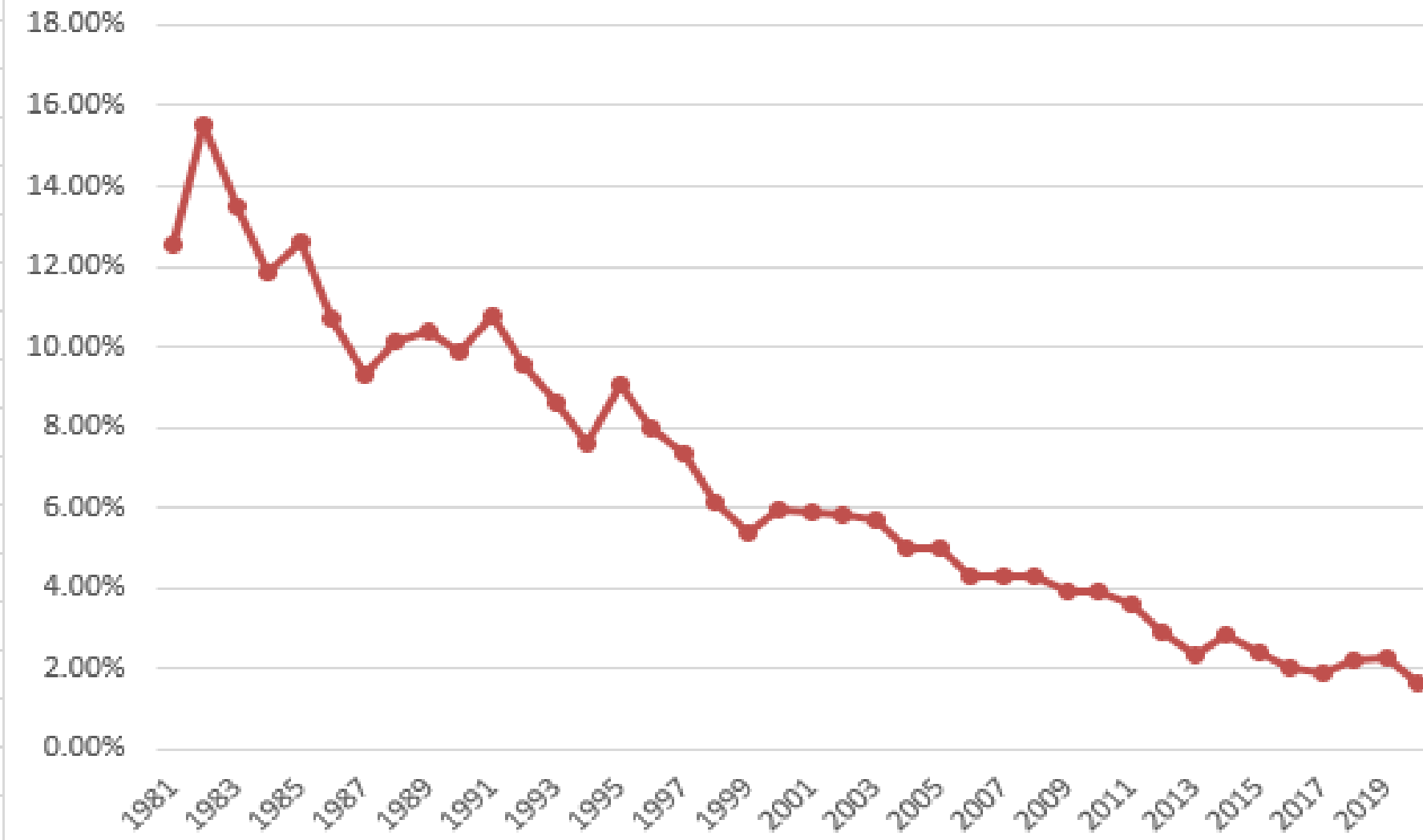
What is a Trust?

- ▶ A “**Trust**” is a relationship established when:
- ▶ (1) a “**Settlor**” (the person who provides the Trust with capital),
- ▶ (2) transfers property to another person or entity (the “**Trustees**”),
- ▶ (3) for the benefit of one or more “**Beneficiaries**” (e.g. the Bearspaw and its members)

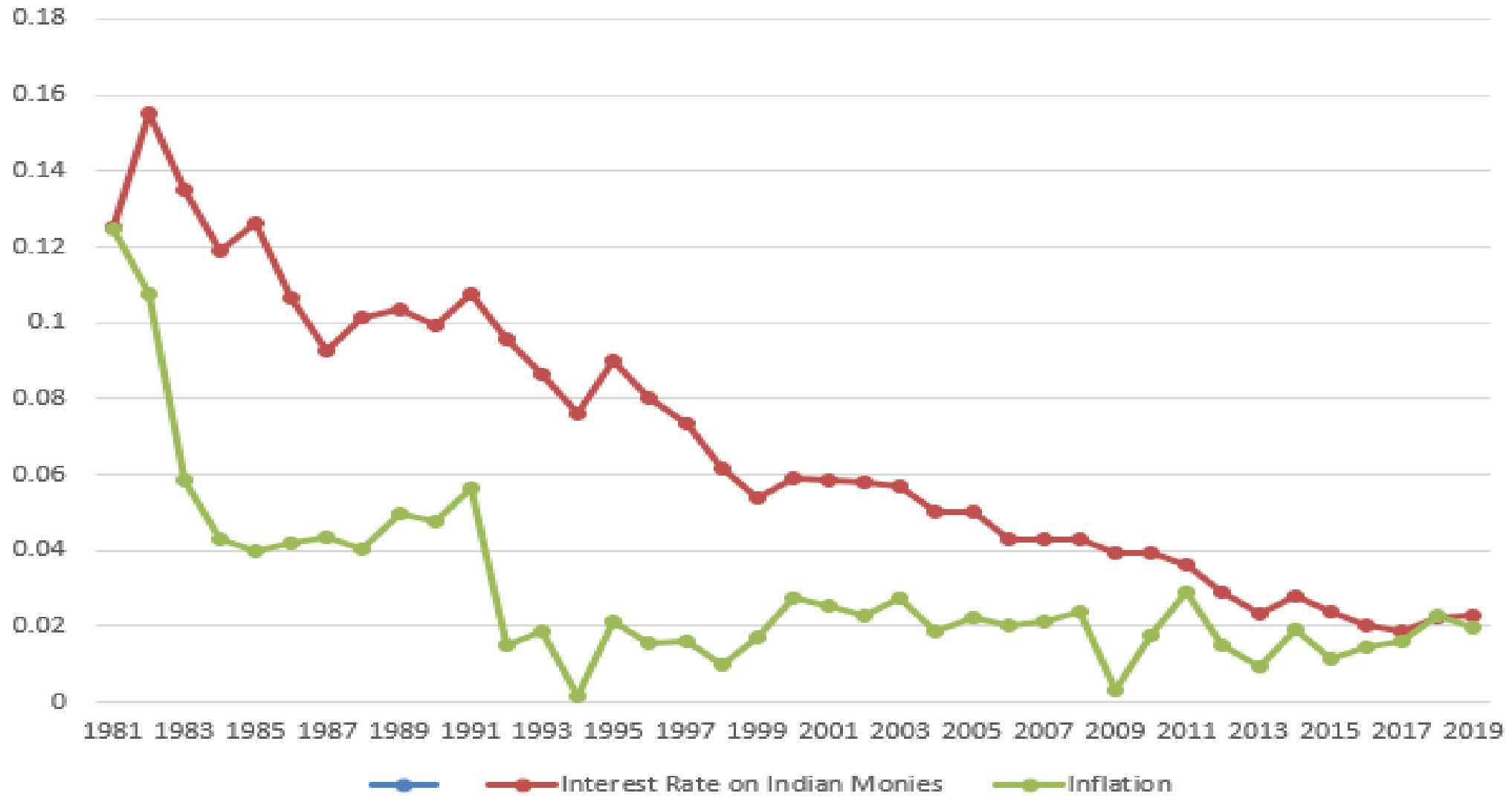
Why a Trust for Bearspaw First Nation?

- ▶ Capital Funds for Bearspaw, Chiniki and Wesley have been held in Ottawa for the Stoney Nation
- ▶ The return generated on these funds has been dropping and are now below the rate of inflation
- ▶ This means that even if Bearspaw does not use any of the Capital Funds in Ottawa it is losing purchasing power. This is a major risk of not making a change in investment strategy

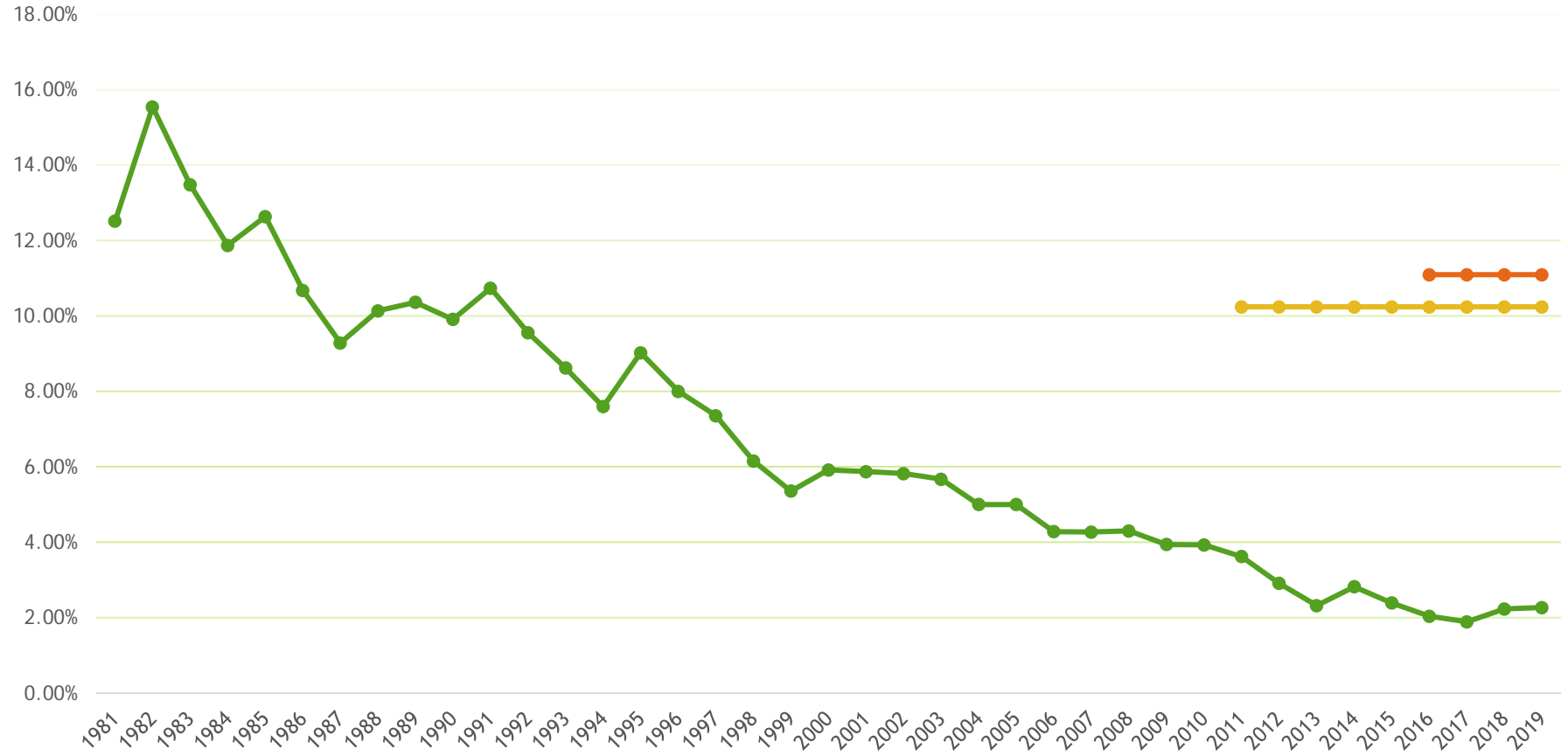
ISC Capital Monies Interest Rate



ISC Capital Monies Interest Rate VS Rate of Inflation



ISC Capital Monies Interest Rate comparison with Ermineskin and Onion Lake Trusts

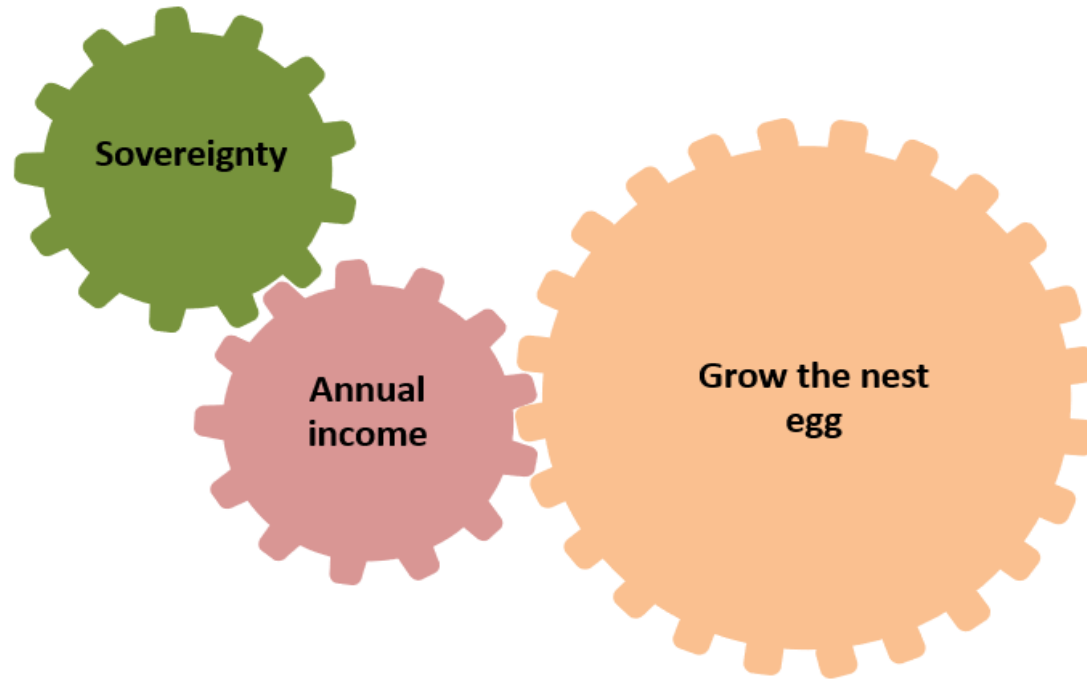


● Interest Rate on Indian Monies
 ● Ermineskin Trust Average Rate of Return Since Inception
 ● Onion Lake Trust Average Rate of Return Since Inception

Goals for the OZÎJA THIHA LEGACY TRUST

- ▶ Grow capital
- ▶ Inflation proof capital
- ▶ Provide consistent annual payment to the Bearspaw First Nation
- ▶ Provide a legacy to future generations of Bearspaw people

What is the potential that Bearspaw can achieve with the Transfer?



Risks to consider in setting up a trust

- ▶ The risk that the fair value or future cash flows of the monies held in the Trust will fluctuate because of changes in market prices (currency risk, interest rate risk and other price risk)
- ▶ There is no investment that is 100% guaranteed to be risk-free
- ▶ This risk is inherent with any investment and not just with investments held in a Trust – any investment is subject to risk
- ▶ According to the Trust Deed, the Trustees are consider the importance of diversification of the investment portfolio to help minimize market risks

How does this type of trust safeguard Bears paw assets?

- ▶ Independent Trustees make decisions for the Trust based on the Trust deed
- ▶ Trustees appoint Professional Investment Advisors
- ▶ Trustees to appoint Custodian
- ▶ Trustees to appoint Administrator
- ▶ Trustees to appoint Auditor

Role of the Trustee

- ▶ The Trustees must act in a fiduciary manner and are required to manage and invest the capital of the Trust in a prudent way and grow its value
- ▶ As Trustees are not necessarily professional investment advisors, they will hire professional money managers and custodians to do so on their behalf
- ▶ Trustees must develop the SIP&P (see below) , in consultation with professional investment managers, and review the strategy on an annual basis
- ▶ “Statement of Investment Policies and Procedures” (SIP&P)

Role of the professional investment advisor

- ▶ Responsible for determining where to invest the Trust's financial assets
 - ▶ Review the technical investment requirements outlined by the Trust agreement / SIP&P
 - ▶ Develop an investment strategy that adheres to the SIP&P developed with the Trustees
 - ▶ Monitors the investment portfolio for changes, whether gains or losses, and makes investment recommendations based on market conditions
- ▶ Must follow their relevant professional rules; are regulated by the Investment Dealers Association, CFA Institute, etc...

Role of the Custodian

- ▶ Responsible for safeguarding the Trust's financial assets
 - ▶ Holds the assets of the Trust in safekeeping
 - ▶ Arranges settlements and trades in financial securities
 - ▶ Collects information on the related income from the assets held and reports to the Trust
- ▶ Typical custodians would be the major banks (RBC, CIBC, etc...)
- ▶ Regulated by the Office of the Superintendent of Financial Institutions

Role of the administrator

- ▶ To maintain the books and records of the trust
- ▶ To provide annual payments to Bearspaw First Nation in accordance with trustee direction and in accordance with the trust deed
- ▶ File a T3 Income tax and Information return annually
- ▶ To produce a report to Bearspaw First Nation on an annual basis

Role of the auditor

- ▶ To annually audit the books and records of the trust
- ▶ The auditor is an independent accounting firm who is accredited to perform audits by their provincial professional

Risks to consider

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Income tax considerations

- Generally, the Trust is subject to Income tax in the province in which it is resident
- OZÎJA THIHA LEGACY TRUST will be administered in a manner that does not result in the payment of any Income tax

The Future

- ▶ The establishment of the Ozîja Thiha Legacy Trust would provide a financial vehicle to build wealth, for not only present but also for future generations. The Trust would not negatively affect or diminish the Treaty and aboriginal rights of Bearspaw First Nation and its members