

**PEGUIS FIRST NATION
SURRENDER CLAIM TRUST**

Building *Our* Future

ANNUAL REPORT

For the Period Ending Decemeber 31, 2022

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FINANCIAL CHAIR'S MESSAGE



The Peguis Surrender Claim Trustees are pleased to present the Trust Activity Report for the 2022 year. This past year has been challenging, with the investment markets taking a hit on both the stocks and bond markets and the lack of Community Fund Trustees for project application funding approvals. We are happy to be out of 2022 and look forward to 2023.

The 2022 markets have been challenging as we refine our strategy for market downturns and global effects on our investments. The Trust Agreement restricts our assets, and we are limited to 70% fixed income (bonds) and 30% equities (stocks) for our investment policy.

With the 70% Bond requirement, we assessed and implemented an alternative to pursue a segregated Bond Manager to assist with the bond investments in 2019. Ridgewood Investment Management was engaged to support the Bond investment strategy. Ridgewood remains a top performer in the Bond markets compared to its peers. The process involved selling our index bond funds for actively managed bond investments, which as a result, created a realized loss on investments. However, we are confident the recovery from the current market conditions will be more significant with bonds actively managed.

Meanwhile, the stock markets have been in turmoil for 2022. Mawer, our growth manager, had been challenged in the stock markets, with growth stocks not doing well in the 2022 stock markets. Beutel Goodman, as our value manager, had been able to hold onto some sound investments that have been able to weather the stock market turmoil. Overall, we are pleased to report the performance of our investment managers topped the broader market performance.

2022 has not been all bad for the Trust. Our administration had the opportunity to continue their work with the community and Band departments. We have also been able to share our concerns regarding the financial and governance issues with the Peguis First Nation, which ultimately affect the Trust and our working relationship.

The Peguis Surrender Claim Trust trustees continued with annual strategic planning, which helped the organization to develop strategies and forward-thinking of the Trust for the next five years. Our strategic objectives include governance and policy development, marketing and promotion of the Trust, building relationships and collaboration with the Trust and continued capacity building within the community.

We have a bright future as we look to the pending election of new Trustees, a newly elected Peguis government and a roadmap that will carry us forward. Let us walk together.

Errol Wilson, MBA, ICD.D
Peguis Surrender Claim Trust
Financial Trustee, Chair 2022

COMMUNITY FUND MESSAGE

Boozhoo, Tansi, Good afternoon...

The 2022 year was a challenge and a year of heartbreak. We got to say thank you to Robert Delorme as he retired from his commitment to the Peguis Surrender Claim Trust since 2011. Then unfortunately, we lost Robert in the Fall of 2022. We had many good memories of our time with him and loved listening to his stories and remembering so many people that he came into contact with. He was a great ambassador for Peguis.

Our heart is with the flood evacuees and those that had undergone the tragic loss and challenges with the flood of 2022. We continue to hurt for the pain and suffering our people have had to endure and we look for a path forward to avoid any future disasters.

We were also without enough trustees to review and approve applications for 2022. This was rough and tough times. The Trust is here to assist and support people and membership, however with the lack of Trustees we could not approve any new applications or proposals. We continue to advocate for a Trustee election with the Peguis Chief and

Council, who have the mandate under the Trust Agreement for the Trustee election.

2022 also provided us with a time to reflect, rebuild and renew our commitment to the Peguis membership. We held our strategic planning session and were able to develop a plan forward. Our main focus will continue to be governance. We need to review our policies and develop new policies as we continue to grow and progress. Life continues to change and we must change with it and plan for the future.

We give thanks to the community of Peguis for giving us the opportunity to 'build our future' and to reach out to the community for guidance and advise. Our heart is with the community, and we look to our membership and leadership to walk with them.

Our hearts are with you,
Peguis Surrender Claim Trust
Community Fund Trustees

Hal Sutherland
Community Fund Trustee
Co-Chair 2022



Lloyd Sinclair
Community Fund Trustee
Co-Chair 2022



MESSAGE FROM THE TRUST MANAGER

Boozhoo, Indinawemaganidog (Greetings, All My Relatives)

The 2022 year was a year of challenges, new opportunities and a learning experience. It is great knowing that it is behind us and we can look forward to 2023.

It is with great sadness when we paid tribute to our former Community Fund Trustee, Robert Delorme, who travelled home in October 2022. We will miss him and are grateful for the time he was able to spend with us and the support he provided to Peguis through his work as a Trustee. Our heartfelt thank you and appreciation to his family who allowed him so much time with us. He will be missed.

The Peguis Chief and Council had also appointed the Trust Nominating Committee in June 2022, so we are looking forward to the pending election of Trustees. Currently, the Community Fund Trustees are without a quorum of Trustees to review or approve applications. We continue to work with clients and departments in the preparation of their applications for funding, pending the election of trustees.

And we are grateful to the Peguis Surrender Claim Trustees for developing a strategic plan for the next five years, allowing us to develop the annual workplans to meet their objectives. They have set the path forward and we will prepare ourselves to walk the path and support the Trust.

We thank the Trustees and the community of Peguis for their support and guidance in moving the Trust forward in these challenging times. Necks out, feet forward...

Kinanakomin, (I am grateful)

Sharon Stevenson, BA, HBA, CAFM, CAPA, CIHRP, ICD.D
Trust Manager



OUR HISTORY & REFLECTION ON THE PAST 12 YEARS

As we look back on our history, we recognize the need to reclaim our identity and acknowledge our ancestors, forefathers, leaders and community members for the strength and resilience they have shown us and their inspiration for us to fight the good fight for our future.

MIGRATION STORY Not so long ago, the oral history of the Anishinaabek and other Algonquin tribes begins with them on the lands near the great salt water, in the land of the first light. Our ancestors had their homes, lands for hunting & gathering, education systems, Clan Systems, governance structures, culture, traditions and lived in harmony with Mother Earth and all that Kiche Manitou provided.



The Seven Fires Prophecy was brought to the Anishinabek as they enjoyed life along the great salt water. It included the prophecy of the coming of the light-skinned race in the near future and the need to migrate to the west. As they migrated west, they settled in camps and villages along the way. A village was established at Bawwating, now known as Sault St. Marie, because of its abundance of fish, wildlife, and plants, a good place to enjoy life.

CHIEF PEGUIS Here at this Anishinabek village of Bawwating, was born the Great Leader we know as Peguis. As a young man, in his teenage years, Peguis continued the migration journey to the West, where food grows on the water. With a band of other Anishinabek members, he began the journey West to seek out a new home and territory that would provide them with ample hunting grounds and a place to call home.

After many moons of travelling, making their way

through uncharted territories, fighting the elements and on the look out for enemies, they arrived at a place where they found an abandoned village along a river just off the woodlands and the beginning of the prairie lands.

The Red River, as it was later known, and the Netley Marsh area provided ample resources for the fledgling group of Anishinabek and those new family members that they picked up on their path West.

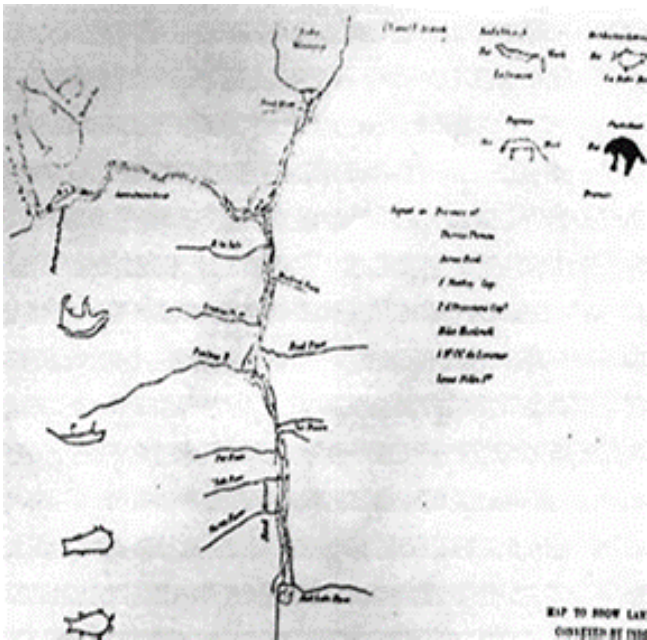


The river systems in the new area provided an opportunity to set up a trade system, to venture out and hunt and gather in the area, and the opportunity to keep in touch with their relatives to the south, east, north and west of their new home. The lakes to the east of the area also provided the food that grows on water, wild rice beds.

SELKIRK TREATY In 1817, Chief Peguis entered into an International Treaty with Lord Selkirk, to arrange the sharing of access to land in the area with the Selkirk Settlers, who had recently arrived in the area. Chief Peguis and his band members assisted the Selkirk Settlers and ensured their survival during the harsh winter months.

The Hudson's Bay Company and Northwest Company had been set up in the area to pursue the fur trade. The Red River system and Lake Winnipeg were a major travel and trade routes for those wishing to pass through the area and either going North, West, South or East. A prime location for the trade routes.

TREATY #1 In and around 1870, the Government of Canada had established the Province of Manitoba within the territory of the late Chief



Peguis and his St. Peters Band. Subsequent negotiations began in 1871, on an international Treaty with Chief Peguis' son, Chief Henry Prince (Misko Ginew) and other members of the Chippewa and Swampy Cree Indians in the area. On August 3rd, 1871 Treaty #1 was signed at Lower Fort Garry.

Chief Henry Prince (Misko Ginew) and his descendants, known as the St. Peters Band of



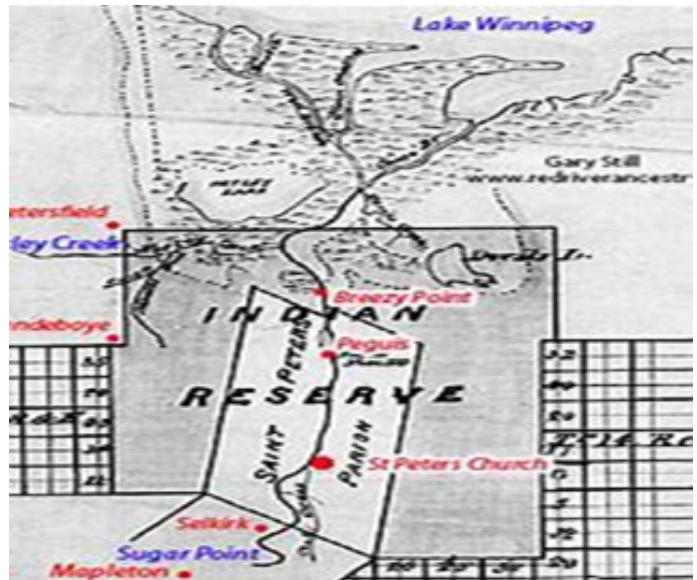
Indians, arranged for a reserve of their choice to be located around present day Selkirk and Netley Creek, along the Red River. Other Treaty #1 reserves included: Brokenhead, Swan Lake, Long

Plain, Sagkeeng, Sandy Bay & Roseau River.

The St. Peters Band was well known for their agricultural skills and their successful harvesting & animal farming. Their homes, gardens and fields were well maintained and often the envy of many, including the new settlers and immigrants to the area.

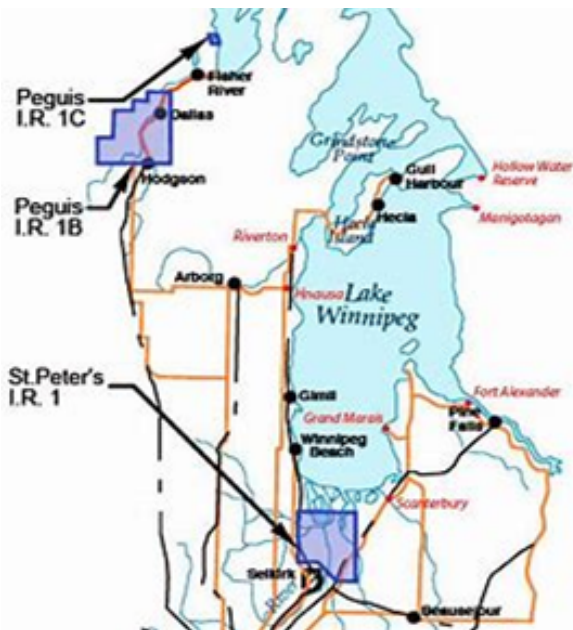
ILLEGAL SURRENDER ST. PETERS It was the success of the St. Peters Band farming and agricultural pursuits that were the envy of local settlers, who wanted the lands and agricultural fields. In 1907, the Federal Agent, with persuasion from local agents and settlers, called for the St. Peters Band to vote on the surrender of the Reserve and accept a new Reserve located 200 kilometers north in the Interlake area.

This vote was seen as illegal and misunderstood



by many members of the St. Peters Band. They continued to fight the vote and express their concern regarding the method that was utilized to achieve a close margin on the vote. The government eventually passed an Act recognizing the surrender of the St. Peters Reserve as a way of legitimizing the illegal surrender and vote.

PEGUIS INDIAN RESERVE The new reserve is known as Peguis and was located in the swampy area along the Fisher River, just south of the Fisher River Cree Nation. The band members had to endure much hardship to create a home and clear the land and muskeg for agricultural purposes. The trek to the new reserve, was without hardship, as there were no roads and oxen carts carried their furnishings and



homemaking supplies. Some members came by boat, north along Lake Winnipeg and up the Fisher River to Peguis.

In the Provincial archives are articles of Band Members who were not impressed with the new Reserve and returned to St. Peters area to advise the government that it was not a good decision and they would like to return home. Unfortunately, the St. Peters Reserve lands were quickly scooped up by settlers and other local people, as it was prime agricultural lands and homesteads.

Peguis First Nation leadership continued to pursue the illegal surrender of the St. Peters Reserve within the government and political routes. They had the support of the community who continued to show their resilience and determination in righting a wrong.

ST. PETERS LAND CLAIM On June 29, 1998, after 91 years of struggle by Peguis First Nation, Canada confirmed it agreed with Peguis that the 1907 surrender of the St. Peter's Reserve was void and legally invalid due to Canada's failure to comply with requirements of the Indian Act of 1906. Canada and Peguis entered into negotiations to compensate Peguis for its loss of land and economic loss as a result of this illegal

surrender.

On June 13, 2009, Peguis members voted in favour of the proposed settlement claim and the agreement was ratified by the parties on October 4, 2010.

The total settlement amount was \$126,094,903.00. Upon payment of settlement costs and legal fees, Canada deposited \$118,750,000.00 into the Peguis First Nation Surrender Claim Trust.

The past ten years, since May 2011 have gone by quickly and the knowledge and experience by the Trustees is insurmountable. The Trustees can be proud of their accomplishments, their personal and professional growth, making a name for Peguis among the Trust & Investment Industry and, above all, their earned respect from the community for the work that they do on behalf of the beneficiaries and for future generations.

The Trustees would like to acknowledge the following Trustees who have made an impact and appreciate them for their assistance with the Peguis Surrender Claim Trust growth and development within the past 10 years:

- Ralph Sutherland, Community Fund Trustee (2011-2012)
- Katina Cochrane, Community Fund Trustee (2011-2016)
- Clarence Daniels, Financial Trustee (2011-2012)
- Gerald McCorrister, Financial Trustee (2011-2014)
- Eric Bear, Financial Trustee (2011-2014)
- Ken Genaille, Community Fund Trustee (2016-2017)
- Bill Willms, Corporate Trustee (2011-2020)
- Robert Delorme Sr, Community Fund Trustee (2011-2021)
- Michelle Samagalski, Corporate Trustee (2020-2022)
- Domenic Natalie, Corporate Trustee (2011-2022)

Our Mission Statement:

“To manage and safeguard the Trust so it will benefit the people of Peguis for all time. We are dedicated to apply our resources to support Peguis, to build a strong nation, to elevate the quality of life for our people and to preserve and protect the legacy that defines us as a sovereign nation.”

PEGUIS SURRENDER CLAIM FINANCIAL TRUSTEES



Errol Wilson MBA, ICD.D, Chair Financial Trustee

Errol's lifelong learning includes Rotman-ICD Directors Education at University of Toronto and an Executive MBA at the University of Alberta. Currently, he resides with his wife Velvalee in the city of Edmonton.

Errol is one of the original elected Off-Reserve Financial Trustees from May 11, 2011.



Elva McCorrister, BA. Financial Trustee

Elva is retired after a long & successful career in management and health care initiatives and organizations. With a passion, she continues to provide her knowledge and expertise in these areas.

Elva continues to build on her Trust knowledge with active involvement in national organizations like AFOA Canada and NATOA.

Elva is one of the original elected On-Reserve Financial Trustees from May 11, 2011.



Rob Magnusson, B.Comm, CA, CPA.

Rob is a graduate of the University of Manitoba Asper School of Business. He pursued his Chartered Accountant professional designation. Rob has been involved in Senior Financial Management positions and continues to pursue his entrepreneurial spirit with management of his own commercial business. He is a proud Peguis member and father whose children are dear to his heart.

Rob was appointed in September 2014 as the Professional Financial Trustee with a CA designation, as required by the Trust.



Eva Miller, Corporate Trustee - TD Indigenous Trust Services

As a Trust Officer on the Indigenous Trust Services Team, Eva develops and manages client relationships and oversees the intricacies of financial administration of First Nation Trusts. She brings more than 12 years of industry experience to her role, and knowledge gained from working closely with Indigenous Communities. Eva holds a Bachelor of Commerce in Business Management from Macewan University. She continues to deepen her knowledge and expertise with key industry programs, including completing the Trustee Training from NATOA, and the Indigenous Canada course through the University of Alberta's Faculty of Native Studies. She is also working towards her Member, Trust Institute (MTI) Designation.

COMMUNITY FUND TRUSTEES



Hal Sutherland, Co-Chair Community Fund Trustee

Hal recently retired from the Canada Border Services Agency serving from 1984-2020 as a Border Services Officer. Hal is the recipient of the Peace Officers Exemplary Service Medal which recognizes good conduct as a peace officer with at least 10 years performing duties involving potential risk. Along with a vast amount of experience and training with Customs he was also a volunteer fire/ambulance first responder for 5 years. He is a member of the First Nations Community Church in Winnipeg where he resides with his wife Mirinda who is a Public Health Nurse. Hal is a graduate of PCS and is the off-reserve representative.



Lloyd Sinclair, Co-Chair Community Fund Trustee

On-Reserve Representative. Lloyd been married to his wife Janice for many wonderful years. Lloyd and Janice are blessed with 3 children and have a boatload of grandchildren and great-grandchildren to continue to bless their home.

Lloyd was on Peguis First Nation Council for 10 years and was involved in the negotiation of the TLE Trust and the Surrender Claim Trust. Knowledge that he continues to share with the Trust and the community.

He is currently self-employed and continues to be actively engaged in community events, sports and the overall welfare of Peguis. Lloyd is one of the



PEGUIS SURRENDER CLAIM STAFF & SUPPORT

With our office located in the Peguis Recreation Centre, staff welcome the opportunity to meet with beneficiaries to discuss funding for their ideas, hopes, dreams and wishes. It is our pleasure to discuss the Trust criteria, application completion, business plans, alternative funding sources and additional resources available to applicants.

Please contact us by phone: -204.645.5644,
Email: trustmanager@peguissurrendertrust.com,
Facebook: Peguis Surrender Claim Trust
website: peguissurrendertrust.com



Sharon Stevenson BA, HBA, CAFM, CAPA, CIHRP, ICD.D
Trust Manager

Sharon has been with the Trust for seven years. She brings with her a wealth of knowledge based on her financial management background and experience, sitting as a TLE Trust Financial Trustee for thirteen years, and her many years of experience with community, provincial and national boards. Sharon is a graduate of Peguis Central School, University of Manitoba, University of Western Ontario, Harvard Business School, Red River College and University of Toronto. She also has her designations from AFOA Canada, and has received the Excellence in Financial Management Award in recognition of her financial and management training and experience.



Debbie McElhinney,
Community Fund Project Officer

Graduated at Prince George Senior Secondary School, Prince George, BC with Honors in Business. Attended Saskatoon Business College, Saskatoon, SK completed Word Processing Secretarial. Completed 1st Year Accounting Technician, Rossan College, Ireland. Graduated Community, Development & Administration Diploma with Honours at University College of the North, The Pas, MB also Accredited with CANDO as Certified Technician Aboriginal Economic Developer (TAED). Completed National Aboriginal Trustee Training Program and Received the Atleo National Aboriginal Trust Officers Association Award for Top Student. Received Service Excellence Awards for unqualified audit with Dallas/Red Rose Community Council.



Denise Sinclair,
Finance Assistant

Completed grade 12 with Certificate in Business Education & Retailing. Had attended Angus/Business College for Secretary Course and RRCC for Accounting & Bookkeeping courses. Completed the NATOA Trustee Accreditation course. Recently completed a Quickbooks accounting software course. Worked with the Trust since 2016 as Administrative Assistant, then took on the role as Financial Assistant.



**Nikki Stevenson,
Administrative Assistant**

Nikki joined the Trust in 2017 to assist the staff and Trustees in an administrative capacity. She had completed her 1st year Business Administration program at Red River College. Nikki also has her Culinary Arts certificate from RRC. She is also a graduate of Peguis Central School. Nikki had returned from a Leave of Absence to support her family during the challenges with COVID.

CORPORATE TRUSTEE TD SUPPORT



Charlene Gill

Associate Trust Officer with five years' experience in the Trust industry. She joined TD four years ago as a member of the growing Indigenous Trust Services Team. She is responsible for the day-to-day administration and support of First Nations Trusts. She also maintains regular correspondence with her administrative counterparts within First Nations communities. Her education includes Indigenous Studies, and Social Work; through which she regularly volunteers with immigrant and refugee youth as well as the elderly. She holds a certificate in Counselling and is currently working toward her TEP designation through STEP.



Mathew Genaille

Private Client Service Associate, while the newest member of the Indigenous Trust Services team, he has been with TD for three years. As a proud Metis citizen, with Cree ancestry, he is grateful for the opportunity to join the compassionate and hardworking team. He is originally from Cormorant, MB. He is responsible for the day-to-day support and administration of First Nations Trusts. He holds a Business Administration Diploma from Red River College, with a specialization in Accounting and is working on his Business Degree at the University of Winnipeg. Matt has also been selected to attend the "Pathway to the Certified Aboriginal Finance Manager" program through the University of Winnipeg and AFOA Canada. He is playing a key role in the development of a Manitoba Chapter for TD's Indigenous Banking Employee Resource Group.



TRUST ACTIVITIES & EVENTS

Throughout the year, the Peguis Surrender Claim Trust engage in various activities to promote and support the Trust and the community.

The Annual General Meeting was originally scheduled for May, but was postponed until August of 2022 due to the flooding situation in Peguis. The spring flood occurred suddenly in April 2022. With the roads and houses being compromised, the staff were re-assigned to assist with the flooding situation in Peguis. Given the seriousness of the flooding situation, the investment managers and corporate trustee wanted to assist with the fight for Peguis. They provided donations that went toward equipment, food, water, supplies and support for Peguis.

The Peguis Surrender Claim Trust extends an opportunity for students to work with the Trust over the summer, either as a Post-Secondary Student or High School Student. These term staff provide administrative support and assistance to the staff, community members and Trustees. While they learn about the Trust, the history of Peguis, the governance procedures and the career opportunities in the Trust & Investment area.

The Annual General Meeting was held in person in Peguis and Selkirk, it was also available to join via Zoom. There was much discussion around the funding of community fund applications. The Trustees reminded members that the Trust is a supplement to funding for applications and often, do not fund 100% of the project. Discussion was raised on the funding for hockey school programming that is restricted to \$30,000 a person and not funded 100%. Also, elite athletes are eligible to apply annually for funding to support them for their programs and are required to file a final report on funding received. There was also a hearty discussion on the Community Fund Trustee requirement that applicants complete a drug test as a requirement for funding and that the test be negative for prohibited & illegal drugs. Applicants must sign a Contribution Agreement prior to release of funds, which indicates that they will use the funds as approved and intended. Failure to complete the approved project as intended results in the applicant unable to submit subsequent applications and must return the previously approved funds or complete the project as approved.



Peguis First Nation Surrender Claim Trust

Logo Story

In the beginning our ancestors started out with a ceremony before they did anything! They smoked their pipes when they signed the treaty, and they came up with their answer. "As long as the sun shines, the grass grows, and the water flows, the circle of life will go on" they had our next generations to follow at heart. They thought of the three main areas to cover: housing, medical and education. All of these are represented in this picture. Also the main point is the bear claw, the bear teaches us courage to face anything with no fear at all. This courage was with our people when they took the stand to fight for our rights for the next generations of Peguis First Nation.



Pipe Represents: The Prayers of our Elders

Yellow Represents: The Sun

Green Represents: The Grass

Blue Represents: The Water

Red Represents: The Circle of Life

Bear Print Represents: The Courage of our People & Teachings

Three Feathers Represents: Housing, Medical and Education

CAPACITY BUILDING & PROFESSIONAL DEVELOPMENT

In May 2022, Community Fund Trustee Lloyd Sinclair took the opportunity to visit Membertou First Nation in Nova Scotia. His tour included a review of the development history of the First Nation and the economic opportunities that they undertook to become a major economic force in the Atlantic.

CANDO conference was held at Dakota Dunes, Saskatchewan in June 2022. Debbie McElhinney is a member of CANDO. She was accompanied by Community Fund Trustee Hal Sutherland and Financial Trustee Elva McCorrister, who were seeking out alternative ways of funding projects and getting some ideas on what economic development projects were underway in various communities.

In November 2022, NATOA (National Aboriginal Trust Officers Association) asked the Peguis Surrender Claim Trust to do a presentation on their experience with the Per Capita Distributions in Peguis. Sharon Stevenson and Yvonne Stevenson, represented Peguis at the conference. As a Youth representative, Yvonne presented the history of Peguis, where we came from and she closed with looking into the future and what she can expect from the Trust for herself and future generations. Sharon, as the Trust Manager presented on the history of the Peguis Surrender Claim Trust and discussed specifically the Per Capita Distribution process and the successes and challenges that Peguis had encountered with this process.



**NATIONAL ABORIGINAL TRUST
OFFICERS ASSOCIATION**



TRUST NOMINATION COMMITTEE

The Trust Nominating Committee role and responsibilities with the Peguis Surrender Claim Trust are to conduct the call-out and review for eligible candidates based on community-approved criteria, to stand for election to the Trust.

Trust Nominating Committee Members, as appointed by Chief and Council are: Shelby Johnson, Clarence Daniels, Victor Sutherland, Jules McPherson, Wayne Bird, Heather Sinclair & Dysin Spence.

Peguis Chief & Council have also mandated the Special Projects & Consultation Department to provide administrative support and guidance to the Trust Nominating Committee.

The Peguis Surrender Claim Trust Financial Trustees currently have three vacancies, and the Community Fund Trustees also hold three vacancies for Trustee positions, for a total of six vacancies.

The Trust Nominating Committee are responsible to submit a list of eligible candidates for the vacant Trustee positions to the Peguis Chief and Council. The Chief and Council have the mandate to call an election once the list of eligible candidates is received.

TRUSTEE HONORARIUM

Elected Trustees are provided with an honorarium for meetings attended to a maximum of 18 meetings per year.

The honorarium is recorded and paid out by year-end. In some cases, the accrued honorarium will be paid out in the following year. In the event of honorariums exceeding 18 meetings per year, the payments will be deducted from the following year.

Financial Trustees	# of Meetings	Honoraria	Travel	Prof Dev	Total
Errol Wilson, Chair	11	\$5,500	\$17,412	\$1,633	\$24,545
Elva McCorrister	6	\$1,800	\$5,160	\$2,531	\$9,491
Rob Magnusson, CA	6	\$4,400	\$2,154	\$1,181	\$7,735

Community Fund Trustees	# of Meetings	Honoraria	Travel	Prof Dev	Total
Hal Sutherland, Co-Chair	17	\$6,800	\$6,812	\$2,593	\$16,205
Lloyd Sinclair, Co-Chair	11	\$4,400	\$10,648	\$5,000	\$20,048

FINANCIAL OPERATIONS REPORT

Investment Income Received for the Period

Revenues for the Period:

- Investment Income - \$3,311,554 Interest & Dividend Income Realized Capital Gains (Losses) - (\$1,496,386) Sale of Investments
- Revenue for the Period: \$1,815,168.

2022 markets for stocks and bonds have been challenging with both investment types taking a hit over the year. The realized loss of \$1,496,386 was from the sale of the investments over the year.

Unrealized Loss on Investments: (\$14,301,176)
Lower Market valuation

The unrealized losses on investments of \$14,301,176 are the lower 2022 market value of the stocks and bonds held by the Trust. These investments have not been sold, so the losses are unrealized, but a paper loss recorded on the books. Market Value less Book Value equals unrealized gains or losses.

Expenditures Incurred for the Period

Expenditures incurred for the period totalled \$1,409,810, which represents 1.05% of the Trust value and were comprised of the following:

- Investment Management fees \$ 493,827
- Accounting and Audit \$27,375
- Advertising & Promotion \$28,793
- Legal Fees \$4,407
- Consulting Fees \$15,863
- Corporate Trustee fees \$178,808
- Salaries and Benefits \$364,784
- Contractor \$18,489
- Trust Administration expenses \$141,984
- Trustee Honoraria and expenses \$78,024
- Loan interest and related charges \$301
- Meetings and Advertising \$48,155
- Per Capita Payments \$9,000

Expenditures Beneficial to the Beneficiary

The amount of \$893,030 was disbursed to the community for approved projects and programs from previous years. For 2022, the Community Fund Trustees were unable to review and approve applications due to the lack of quorum of Trustees.

In addition, various projects totalling \$1,244,883

had been approved in previous years and are expected to be paid once all documentation and reports are completed and filed. These funds are listed as a commitment in the audit notes.

Trust Property Approval Limits

Approval limits regarding applications for Trust funds increase each year by the rate of inflation. The Community Fund Trustees can approve amounts up to \$93,107.11, the Community Fund Trustees and Chief and Council can approve amounts up to \$310,357.04. Amounts greater than \$310,357.04 must be initially approved by the Community Fund Trustees, recommended for approval to and by Chief and Council and then, recommended for approval by the Members of Peguis First Nation.

Per Capita Distributions

An amount of \$10,500,000 was approved by the Initial Trustees in 2010 to fund per capita payments to eligible Peguis Band members. There were nine applications processed in 2022, for a total of \$9,000.00 paid out.

Investment Activities of the Trust

The Trust funds are managed by TD Waterhouse Private Investment Counsel, Beutel Goodman Investment Council, Mawer Investment Management Ltd., and Ridgewood Capital Asset Management in accordance with the objectives of Peguis First Nation and as set out in the Trust Agreement and Investment Policy Statement. Generally, the objectives are to provide safety of principle, stable and consistent income flow, and capital appreciation. The investments consist of government and high-quality corporate bonds and equities. No more than 30% of the Trust funds can be invested in equities or stocks. The balance of 70% are invested in bonds and held as cash.

Line of Credit

The Financial Trustees increased their secured line of credit with the TD Commercial Bank to \$40,000,000.00 in 2020. Prior to that, the line of credit was used to fund the arena and housing projects and is available to fund other projects. As of December 31, 2022, the balance owing on the line of credit was \$0.00. Interest is charged at the

prime rate, which as of December 31, 2022, was 6.45%.

Value of the Trust

The value of the Trust as of December 31, 2022 was **\$131,709,762**.

The net value of the Trust as of December 31st (excluding accrued liabilities) was \$131,596,316.

2022 COMMUNITY FUND PROJECT SUMMARIES

Projects Paid by Year Summary

Year	Projects Paid
2011	\$205,000
2012	\$4,467,056
2013	\$12,054,071
2014	\$2,088,444
2015	\$1,667,397
2016	\$1,325,576
2017	\$2,332,139
2018	\$2,455,661
2019	\$2,909,554
2020	\$1,483,047
2021	\$1,438,525
2022	\$893,030
Total Projects Paid	\$33,319,500



Peguis Fellowship – Marcella Cochrane - \$10,300.00

Funding to stucco church as current church siding is in need of repairs.

Michelle L. Sanderson – Certified Aboriginal Management Program - \$5,000.00

Certified Aboriginal Management Program at Yellow Quill College in Winnipeg.

Amayra Wilson – U Of M Engineering Tuition & Books - \$1,292.07

Second year engineering, Faculty of Science at University of Manitoba.

Peguis Consultation & Special Projects – 2 Nations Master Angler Challenge \$5,000.00

Winter fishing derby to encourage anglers to submit qualifying catches to win prizes and be recognized by Tourism Manitoba. Tracking of species of fish and locations which may of risk.

Eric Bear – Brayden Bear Pilot Mount Hockey Academy - \$14,000.00

Brayden Bear's second year for 2020-2021 Pilot Mound Hockey Academy.

Peguis Historical Society – Development Operations & Implementation - \$80,000.00

Funding to develop department, operations and implementing procedures.



Peguis Junior Hockey Club – 2021-2022 Season Expenses - \$70,000.00

2021-2022 season league expenses for Peguis Junior B Hockey Team in the KJHL.

Peguis Minor Hockey – 2021-2022 Operational Budget - \$78,319.73

2021-2022 Peguis Minor Hockey League operational budget to fund 15 teams, 224 players and coaches.

Peguis Community Support & Services – Selkirk - \$280,000.00

Support and services for on and off reserve members, medical travel, mental health resources, nurse education, advocacy and access to Elders at 620 Manitoba Ave.

The Sun Lodge Village Cultural Park - \$70,000.00

Cultural Park, site prep, medicine garden, welcome garden, play structures (pre-school/5-12yr), youth activities, traditional play centre, little peoples village, family/teaching building, meditation space, volleyball/skating, storage shed, material, supplies & labor.

Jim Wastasecoot – Terra Indigena - \$37,544.00

Printing, mailing and advertising for local news and community updates.

Eugene Ratte – Black Eagle Enterprises - \$5,000.00

Purchase sound system equipment – digital mixer/audio interface/power line x 2/powerd subwoofers x 2.

Peguis Consultation & Special Projects – Legal Research TEA - \$70,000.00

Legal research and analysis regarding legal issues for Treaty Entitlement Agreement and Manitoba's enactment of The Crown Lands Act (Bill 12).

Peguis Consultation & Special Projects – C-Can Building - \$200,000.00

C-Can building to be used for office space, knowledge keepers center and business relationship. Land based programs, community freezers for Hunters & Gathers hunting trips for community.

COMMUNITY FUND PROJECTS OUTSTANDING REPORTS

Proponent	Project Name	Amount
Peguis Agricultural Committee	Farmers Revitalization	\$150,000.00
Trevor Greyeyes	Marketing Business	\$5,000.00
Peguis PEEWEE "C"	Championship Tracksuits	\$2,400.00
Peguis Justice Board	Diversion Program	\$30,000.00
Keith F. Wilson	Private Auto Dealership	\$21,500.00
William Lee Flett	Niibin Winshief Repair Service	\$2,640.00
Kelly Sinclair	Business	\$10,500.00
Lorne Flett	Business	\$5,000.00
Kevin Clowes	Business	\$30,000.00
Justin Lee Walter Stevenson	Business Equipment (RKM Tools)	\$5,000.00
Peguis Warriors Pee-Wee 1	Championship Tracksuits	\$1,500.00
Fairwind Truscott	Air Filtration Business	\$10,000.00
Doris Elizabeth Sinclair	Purchase Donut Making Machine & Acc	\$5,000.00
Allan Sinclair	Purchase Drain Cleaning Equipment	\$5,000.00
Peguis Health Services	Peguis Traditional Healing Program	\$49,300.00
Peguis Health Services	National Gathering of Elders 2017	\$170,000.00
Desmond Bear	Tire Balancer/Changer Combo	\$5,000.00
Garret McPherson	McPherson Yardworks	\$5,000.00
Peguis First Nation	Retainer Fees	\$200,000.00
Peguis Consult & Special Projects	Rights to Water	\$150,000.00
Chief Peguis Investment Corporation	Cannabis Development Project	\$140,000.00
Derwin Stevenson	Cattle Operation	\$5,000.00
Angela Bair	Sole Consulting Advancement	\$2,500.00
Garry Stevenson	Fire Wood Services	\$5,000.00
Allan David Thompson	Trapping Project	\$5,000.00
Ardelle Choken	Hailey Karis Choken	\$2,500.00
Peguis Development Corporation	Office Complex Feasibility	\$85,000.00
Peguis Housing Authority	Community Initiatives Proposal: Phase 2	\$250,000.00
Rodney James Allan Thomas	Vehicle for Scrap Metal Business	\$5,000.00
Walter Flett	Wood Working Business	\$4,000.00
Debora Cook	The Cook House Concession	\$3,500.00
Tammy McCorrister	Airbrush Business	\$4,000.00
Peguis Health Services	2019 Elders Gathering	\$210,000.00
Alvin Randy Thomas	Basic Life Support Certificate Equipment	\$5,000.00

Peguis Emergency Operations	Priority One Issues	\$50,000.00
Renee S. S. Stevenson	WWJHL Junior A Women's Hockey	\$1,650.00
Valerie Hudson	Quilting Project	\$4,472.00
Samantha Spence	Hair Glamm By Samm	\$5,000.00
Phillip Sutherland	Olds College Volleyball Scholarship	\$1,000.00
Erica Contois	Expand Catering Business To Open A	\$5,000.00
Peguis Counseling Centre	McLean Day School Hearing	\$15,900.00
Angel Pelletier	Dyson AA Hockey League	\$1,000.00
Rhonda & Darrel Sutherland	R&D Animal In Need of Rescue	\$10,000.00
Tina McCorrister	Tina's Leather Cree-ations	\$5,000.00
Daniel Cook	Belle Cook AAA Bantam Female Hockey	\$2,000.00
Kenneth A. Prince	Purchase Heavy Equip/Semi Tools	\$5,000.00
Bryden Sinclair	Elite Hockey Equipment & Expenses	\$3,000.00
Candace Thomas	Elizabeth Thickfoot-Thomas Volleyball	\$2,000.00
Cheryl Kretsmann	Mathew Mason-Vandel AAA Midget	\$1,000.00
Perry Hourie	Cultural Handicrafts	\$5,000.00
Lorilee Wastasecoot	Indigenous Women's (Re)Matriation Relps	\$1,500.00
Robert C. Slater	Native Nation Clothing Start-Up	\$5,000.00
Ramona Bird	Aki Muskkiki Docuseries	\$15,000.00
Faith Sutherland	Cooking By Faith	\$5,000.00
Larry Prince	ATV Memorial Poker Derby Mud Bog	\$2,500.00
Peguis Income Assistance	Mental Health Awareness	\$3,750.00
Jules Sutherland	Family Support Worker Program	\$5,000.00
Allan Churchil Jr	Churchizzled Pizza	\$5,000.00
Redmen Fastball Club	Canadian Native Fastball Rings	\$2,500.00
Peguis Multiplex	Re-Open Peguis Multiplex	\$100,000.00
Peguis Development Corporation	Mall Fire & Sprinkler System	\$50,000.00
Jacob Prince	Hotdog Vending Business	\$4,920.00
Redmen Fastball Club	Saskatoon Tournament	\$5,000.00
Sharon Sutherland	Sutherland's Catering	\$5,000.00
TOTAL		\$ 1,916,532.00

INVESTMENT COUNSEL & MANAGERS

INVESTMENT COUNSEL

The Peguis Surrender Claim Trust contracts the services of an Investment Counsel to provide investment and trust industry advise and support to the Trustees. It is with the guidance and advise of the investment counsel that the Trust is able to implement, manage and develop their investment policies. As an independent advisor, the investment counsel oversees and ensures compliance of the investment policies. Quarterly investment reviews are also conducted and presented to the Trustees for their review and market updates

2022 Annual Investment Report

On behalf of T.E. Wealth’s Indigenous Investment Advisory practice, we remain extremely honoured to support the Peguis First Nation Surrender Claim Trust through the provision of independent and objective investment advisory services.



Market Commentary – “A Year in Review”

2022 was clearly a difficult year in the markets with rising interest rates imposed by Central Banks around the world which are intended to slow the rapidly rising inflation rates. This combination of rising interest rates and rising inflation has led to negative returns in the markets affecting both stocks and bonds over the year. The consensus view for 2023 is that interest rates will remain relatively high with inflation rates gradually declining over the year resulting in rising unemployment as the economy slows. It can be expected that rate cuts will start in late 2023 or 2024 as inflation eases and returns to a more tolerable level.

Will 2023 be any better for investors? We think there’s reason for some optimism going into this year. Interest rates are elevated but that means bonds are offering a good return relative to previous years. The market’s price to earnings ratio’s are much more reasonable as we enter into 2023 than they were a year ago, which should provide some downside protection. Concrete signs that inflation has been tamed and that interest rate cuts are coming will likely lead to a significant market rally despite continued market volatility during the interim.

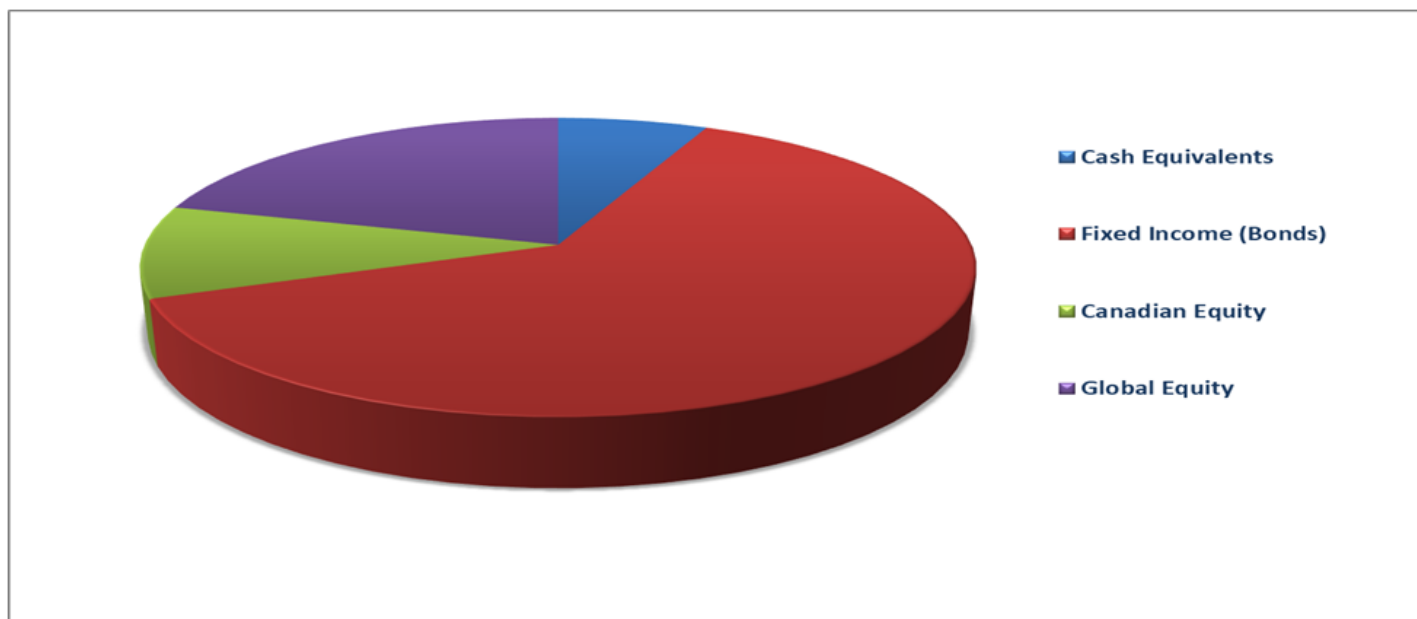
How Has the Peguis Surrender Trust Performed @ December 31, 2022?

We are pleased to report that effective March 31st, 2023, the Peguis Surrender Claim Trust has gained a further \$3,834,067 which reflects positive appreciation since inception of +\$66,836,717 for a closing Trust balance of \$135,486,238.

	Q4 2022	1 Year	3 Years	Inception (12/31/2012)
Starting Value	\$127,459,700	\$147,045,171	\$139,719,421	\$109,370,911
Net Transfers	-\$355,890	-\$1,636,116	-\$11,057,481	-\$40,721,390
Appreciation	+\$4,548,362	-\$13,756,884	+\$2,990,230	+\$63,002,650
@ 12/31/2022	\$131,652,171	\$131,652,171	\$131,652,171	\$131,652,171

Combined Holdings: Asset Mix

The chart below highlights the breakdown of the Trust's security holdings by Asset Class as of December 31, 2022.



Asset Class	Range (%)	Target (%)	Portfolio (%)
Cash Equivalents	0 - 10%	5%	6.7%
Bonds	62 - 72%	67%	62.6%
Canadian Equity	5 - 15%	10%	10.0%
Global Equity	13 - 23%	18%	20.7%

Investment Management Structure

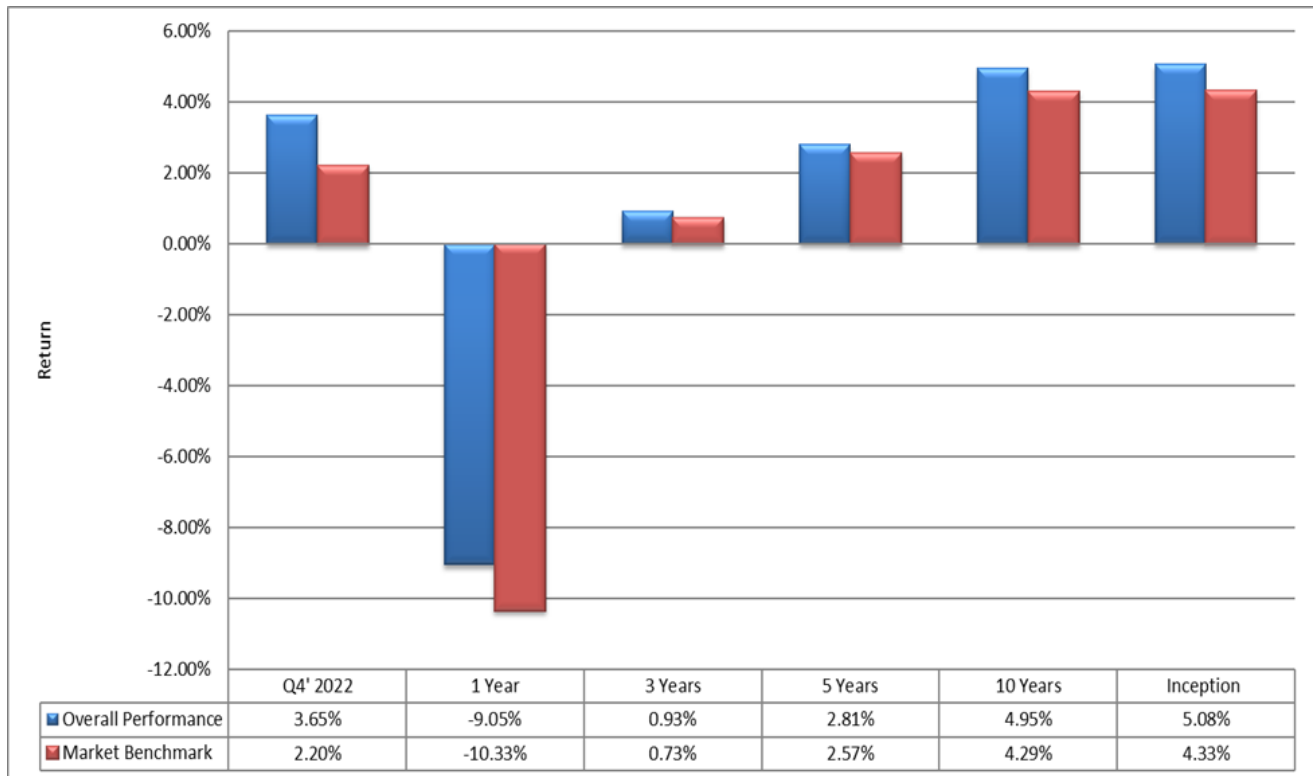
The Peguis Surrender Claim Trust is managed under a multi-manager structure as a risk management strategy, thereby diversifying the investment risk amongst more than one investment firm in the event of prolonged under performance of any given firm. This approach utilizes the management of Beutel Goodman and Mawer Investment Management who both manage a combination of stocks and bonds.

Given that markets can favor growth stocks or value stocks in any given period, the Trust has benefited from Beutel Goodman's value style of management combined with Mawer's growth-oriented strategies. This multi-manager and multi-style diversification helps to ensure that the portfolio is well positioned to take advantage of all market environments and enable a smoother pattern of returns.

As the Peguis Surrender Trust Agreement also mandates a significant percentage of holdings in bonds (per the Target % above), the Trust has also engaged the management of Ridgewood Capital as a dedicated bond specialist.

Overall Trust Investment Performance

We are pleased to note that the Peguis Surrender Claim Trust has outperformed the Market benchmark in all reported periods for the year ending December 31, 2022, as follows:



Looking Forward

It goes without saying that the investment environment has experienced significant volatility through 2022, and in turn, this can be a bit unsettling. As can be appreciated, from time to time, investment markets can go through periods of uncertainty. This can arise from poor economic news, industry-specific developments, or changes in government policy or a geopolitical event, such as the current Russia-Ukraine conflict.

One of the key principles of long-term investing is to stay the course, especially during times when investing can feel like a rollercoaster ride. History has shown that sharp falls in stock markets tend to be concentrated in short periods of time. Similarly, the biggest gains are often clustered together, and it is quite common for a large gain to follow a big fall (or vice versa).

While most markets will experience periods of short-term volatility, over the long-term, they historically have maintained a steady, upwards path. While nobody has perfect insight as to the future markets ahead, those investors who remained invested have benefited the most from the long-term upward market trends.

In Closing

Once again, T.E. Wealth's Indigenous Services practice considers it a privilege and an honor to support the Peguis Surrender Claim Trust and we are pleased to confirm that, in summary, the Trust portfolio continues to exceed market benchmark returns and remains compliant with the investment policies and guidelines.



Kain Big Canoe, CPA, Senior Manager, T.E. Wealth Indigenous Services

Kain is a member of the Chippewas of Georgina Island First Nation and is a Certified Public Accountant (CPA). He is also a graduate of the Master of Accountancy (MAcc) program from the Goodman School of Business at Brock University. As a Senior Manager of our Indigenous Advisory practice, Kain brings with him a solid expertise in the planning, development and implementation of effective investment and trust solutions. Prior to joining T.E. Wealth, Kain was employed as a consultant with the multinational professional services firm, Deloitte.



David Pelletier, BEcon., Senior Analyst, T.E. Wealth Indigenous Services

David is a member of the Serpent River First Nation and, in his role as a Senior Analyst, he provides investment research to support our national investment manager research team. In addition to assessing investment managers and strategies, he is also actively involved in the analysis of our clients' investment performance and the writing of quarterly reports.

David holds degrees in Math and Economics from Carleton University as well as Civil Engineering from Concordia University and is certified bilingual in English and French



Jack Jamieson, Vice President, T.E. Wealth Indigenous Services

As Vice President (and founder) of T.E. Wealth's dedicated Indigenous Services practice, Jack brings over 30 years of experience to the investment and financial services industry. Jack volunteers his time with NATOA (National Aboriginal Trust Officers Association) as a member of their national advisory board in addition to sitting on the membership committee.

Jack is also a recipient of AFOA's Certificate of Recognition for his work in co-developing the curriculum for AFOA's National Trust Management workshops which was rolled out across Canada in 2013. He has authored articles for the Journal of Aboriginal Management and is a regular speaker at Indigenous conferences across Canada.

INVESTMENT MANAGERS



Beutel, Goodman & Company Ltd. was founded in 1967 to provide investment counsel and discretionary portfolio management to institutional and individual clients. We are dedicated to achieving the investment objectives of our clients and manage money on behalf of Indigenous communities, pension funds, endowments, foundations, mutual funds and high net worth individuals across Canada.



Beutel Goodman has been committed to developing relationships with First Nations and Indigenous peoples for more than 20 years. The company is a founding member of the National Aboriginal Trust Officers Association (NATOA). We are also Corporate members of the Aboriginal Financial Officers Association of Canada (AFOA). In addition to helping our clients achieve investment goals, we are dedicated to investment education and sharing knowledge with Chief and Council, Trustees, and community members. Beutel Goodman is committed to Truth and Reconciliation and is answering the call to action

through employee participation, awareness, and education.

For many years we have contributed to Indigenous investment and trust management workshops as speakers and sponsors. Beutel Goodman routinely sponsors community activities such as hockey tournaments, golf tournaments and Indigenous Foundation fundraisers. We are also co-sponsors of an Aboriginal Scholarship awarded each year to support Indigenous students studying at the University of Toronto in the Faculty of Social Work. We have also proudly sponsored the graduation ceremony awards for Peguis high school graduates for many years.

Steven Smith, Senior Vice President at Beutel Goodman and portfolio manager for the Peguis Surrender Claim Trust, has visited Peguis First Nation on many occasions to deliver updates at Annual General Meetings and he meets regularly with the Trustees and their advisors to provide portfolio updates. Steven's career spans more than 35 years in the investment industry and he has been with Beutel Goodman for more than 20 years. He is a graduate of the University of Toronto with a Bachelor of Arts in English and Economics. Steven received the Chartered Financial Analyst designation in 1994. Victor Pelletier joined Beutel Goodman in 2022 and supports investment management and servicing of the Peguis Surrender Claim Trust.

The Peguis Surrender Claim Trust Portfolio Report for 2022

The past year has been challenging for securities markets, although the shifting sands in equities and bonds have also created opportunities for investors to find value.

Central banks moved in concert to fight inflation in 2022, which drove market volatility, but the year concluded with positive signs on this front. December brought the third consecutive U.S. Consumer Price Index report showing clear signs that inflation is abating, which suggests the Fed's rate hikes are having the desired effect. After the Great Financial Crisis of 2008, markets grew accustomed to certain things. Accommodative monetary policy was a key feature of the longest U.S. equity bull run in history, which stretched from 2009 right up to the outset of the COVID-19

pandemic in February of 2020. With the help of aggressive government and central bank intervention, the COVID-19-related market correction was short-lived, and stocks soon came roaring back as the Technology sector drove the S&P 500 to record highs that peaked at the end of 2021. The investment landscape shifted markedly in 2022, with inflation rising to levels not seen since the early 1980s, which led to a hawkish turn by the U.S. Federal Reserve (Fed) and central banks worldwide. An aggressive tightening cycle has in turn spurred elevated volatility in both equity and bond markets, and the likelihood of a recession some time in 2023 has become the prevailing view among economists.

The Fed, the Bank of Canada (BoC), Bank of England (BoE) and European Central Bank (ECB) all hiked rates by 50 basis points (bps) in their December meetings, concluding a year marked by a rapid series of historically large hikes. Heading into 2022, it was clear that central banks needed to act decisively to combat spiraling price increases, but the question now is whether this tightening cycle has been too aggressive. This is not the first interest rate cycle the economy or markets have faced, however, and increasing rates can ultimately be a positive for many of the businesses held in our portfolios.

Market corrections also provide a period of consolidation where valuations come back into line with fundamentals; the free-money policies of the COVID-19 era meant that valuations of certain companies were often not based on economic reality.

The year 2022 proved somewhat of an anomaly for investors as both equity and bonds markets were down over the 12 months, which doesn't generally happen. The S&P 500 total return for 2022 of -18.11% in USD terms was the index's worst performance since 2008 and a major reversal from 2021's total return of 28.71%. The S&P/TSX Composite fared somewhat better with a return of -5.84% for the year but this was also a sizable reversal from 2021's return of 25.09%. At the same time, the FTSE Canada Universe Bond Index returned -11.69% for the year, largely driven

down by aggressive BoC interest rate hikes. Often, challenging years for equity investors have been followed by a strong bounce back, which was the case in 2009 when the S&P/TSX Composite and S&P 500 advanced by 35.05% and 26.45%, respectively. Given the hurdles of elevated inflation and the likely lagged negative economic impact of higher interest rates, expectations for a similar rebound in 2023 may be overly optimistic. That said, the market could easily have a positive reaction to the perceived end of the central bank tightening cycle.

Notwithstanding that market reaction tends to be fast and furious, the full effect of interest rate increases takes time to filter through the real economy. Earnings results for the third quarter were generally strong, so fourth quarter results are expected to give a better indication of how higher rates are affecting consumers and companies. Earnings expectations have been revised downward significantly since March 2022, and further deterioration in corporate earnings growth expectations could act as a headwind for equity markets. This, in turn, could benefit bond returns if investors shift capital out of equities and into bonds in search of a safe-haven in an economic downturn.

For the one-year period ending December 31, 2021, the Peguis Surrender Claim Trust Portfolio returned -3.6% vs. the benchmark -9.9%. As such, the Peguis Surrender Claim Trust investment portfolio outperformed the benchmark by 6.25%. Notwithstanding underperformance in International Equities,

Bonds were in line with the benchmark and both U.S. and Canadian Equities significantly outperformed their respective indices.

Beutel Goodman has had the honour and privilege to manage the Peguis Surrender Claim Trust portfolio for the benefit of the members of Peguis Nation for 11 years and we thank you for your continued trust and confidence.

MAWER

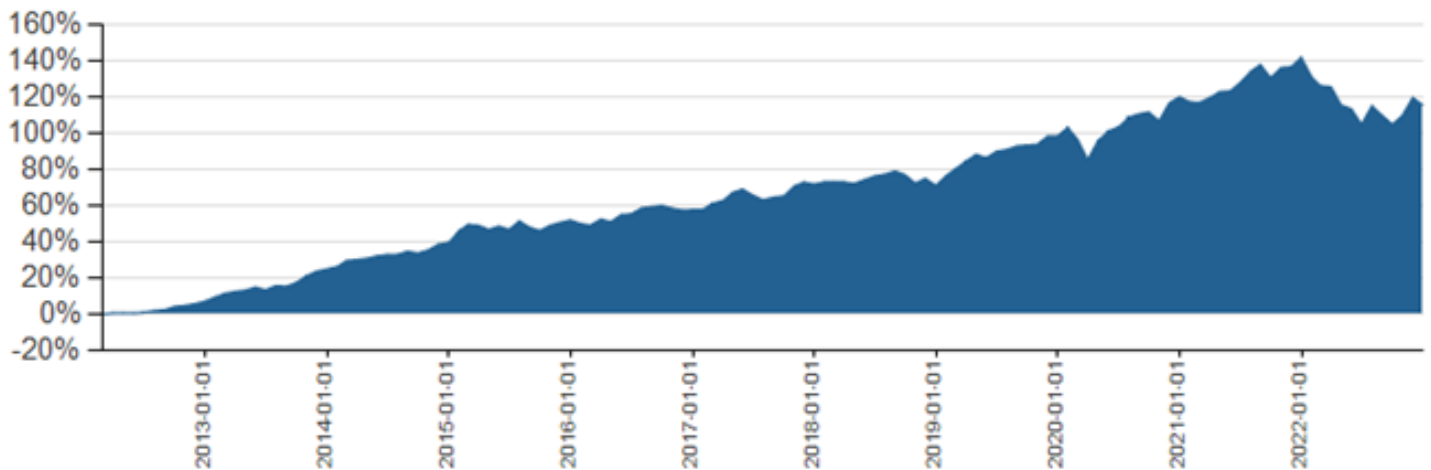
Be Boring. Make Money.™

Performance (gross) as of December 31, 2022	YTD	3-Mo	1-yr	3-yr	5-yr	10-yr	Since Inception*
Peguis SC	-10.92	5.2	-10.92	2.82	4.66	7.25	7.36
Blended Benchmark **	-9.87	4.19	-9.87	3.16	4.47	6.15	6.04

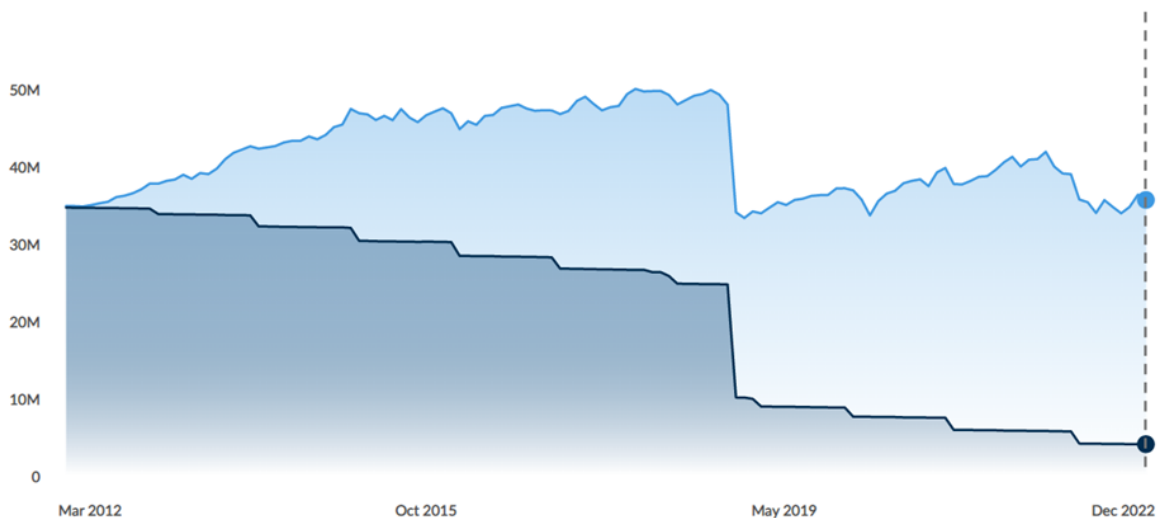
* Inception date of performance reporting March 31, 2012

** From November 2018: 5.00% FTSE Canada 91 Day TBill Index 40.00% FTSE Canada Universe Bond Index 20.00% S&P/TSX Composite Index (TR) 35.00% MSCI World Index (Net). From Inception: 5.00% FTSE Canada 91 Day TBill Index 50.00% FTSE Canada Universe Bond Index 15.00% S&P/TSX Composite Index (TR) 30.00% MSCI World Index (Net).

Cumulative Growth Since Inception



Dec 31, 2022		
● Market Value	● Net Contributions	● Dollar Return
\$35,627,639.28	\$3,986,425.21	\$31,641,214.07



Asset Class	Current Weight	Strategic Asset Mix	Rebalancing Range
Cash & Equivalents	7.0	5.0	0-10
Canadian Fixed Income	38.1	40.0	35-45
Total Fixed Income	45.1	45.0	40-50
Canadian Equity	18.6	20.0	15-25
Global Equity	36.3	35.0	30-40
Total Equity	54.9	55.0	50-60

Mawer is proud to manage a portion of the Surrender Claim Trust for Peguis First Nation and we have worked for the Trust over the last eleven years. Looking back, 2022 started with a difficult and volatile period for financial markets globally. The long rally in stocks, since the COVID-19 recession, came under stress with central banks raising interest rates sharply to try and tame rapidly rising inflation. This was compounded by the uncertainties caused by the war in Ukraine including the resulting impact on commodity markets, particularly energy and food markets. While there was some variability across regions, many global stock indices entered correction territory early in the year. A notable departure from this theme was commodity-heavy markets such as Canadian stocks, which moved higher given their larger exposure to energy and mining companies.

Supply uncertainty unleashed by the war in Ukraine added to existing inflationary pressures, sending commodity prices higher for crops, oil and gas, and metals. With inflation reaching multi-decade highs, the U.S. Federal Reserve and the Bank of Canada raised interest rates throughout the year at a rapid pace rarely seen in decades. This accelerated pace of interest rate hikes led Canadian bonds to suffer one of their worst years since World War II.

The Peguis Surrender Trust portfolio managed by Mawer declined by -10.9% in 2022, trailing our benchmark which declined -9.9%. Much of this underperformance took place early in the year when markets were most impacted by higher interest rates and the Canadian market was outperforming its Global peers. We tend to maintain a lower allocation to Canada due to the greater diversity of opportunities elsewhere and because of the reliance on resources and residential housing in this country which can be very cyclical. While Canada led this year, it is unlikely to continue over the longer term. In the final quarter of 2022, we were already seeing a shift in markets as the Mawer portfolio was up 5.2% ahead of the benchmark return of 4.2%.

While the bond market suffered a sharp decline last year, the news is not all bad. Higher interest rates will lead to higher levels of earned income on the bond portfolio that will benefit the Surrender Trust. In 2022 the income earned in the portfolio

was roughly \$836,000 which was ahead of \$737,000 earned in 2021. This benefit will continue so long as interest rates remain higher. As far as the value of the portfolio, it will recover and continue to growth with time. Last year was a setback, but on a path that tends to wander up

and down over time as it gradually climbs higher.

Within the volatility of global markets, our relative performance early in the year lagged across equity asset classes, mostly outside of North America. A perfect storm emerged as many high-growth and high-quality businesses experienced a pullback, while less competitively advantaged, commodity-focused businesses led the market by a wide margin. In this environment, our equity strategies' long-term focus on companies with enduring competitive advantages was undoubtedly overshadowed.

- Many of our higher-growth technology-focused holdings, whose cash flows skew further out into the future, have had their valuations more challenged by central banks' decisions to raise rates in the face of inflationary pressures. Examples include e-commerce platform Shopify, accounting and tax software provider Intuit, and payments processor Adyen.
- Wealth-creating companies, by virtue of the strength of their competitive advantages and the sustainability of their cash flows, are often priced at above-market price-to-earnings multiples to reflect this high quality and, as such, their valuations can exhibit greater sensitivity to rising interest rates. Examples consist of holdings that had their share price pull back in the first quarter after being terrific compounding investments over the last few years including reference data provider Wolters Kluwer, IT consultant Accenture, and specialty chemicals company Sika.
- Given our philosophy, we tend to have lower exposure to commodity-focused business models. Hence, our underweight in the energy sector and metals and mining industry hampered relative performance in the first half of 2022.
- Where we have exposure to the energy sector in Canada, our holdings generally had strong returns including energy producers Canadian Natural Resources

and Suncor Energy.

- We also had some holdings that are not commodity-focused have relatively strong returns.
- Exchange operators including Deutsche Boerse and CME Group had strong returns as the companies are positioned to possibly benefit from higher interest rates and rate volatility.
- Holdings that may benefit from the inflationary environment also performed well including insurance broker Aon given its commission structure, and convenience store operator Alimentation Couche-Tard given higher fuel margins and the relatively price-insensitive nature of its merchandise customers.

We always maintain an inventory list of high-quality investment ideas and we believe we are well positioned to start buying when it makes sense. In the recent past, many high-quality companies have demanded a premium in the market, and the pullback we have seen in 2022 has provided the opportunity to invest in some of these businesses at a more reasonable valuation.

As we look ahead, there is little doubt that it has been a tough year for markets, and the path central banks take in 2023 is still up for debate as inflation remains high, global growth appears to be slowing, and the employment market remains resilient. Further complicating matters, yield curves are inverted which historically has been a fairly reliable indicator of recessions. Whether we end up with a recession or more gradual slowdown may rest on how persistent inflation will be.

Compared to historical standards, we are experiencing a very rapid pace of interest rate hikes by central banks, notably after a prolonged period of near zero interest rates. With corporate debt levels higher than the recent past and with elevated interest rates, there is the potential for interest expenses to rise materially for companies with higher debt. Depending on the path forward, the environment for companies with more corporate debt could prove more challenging. Mawer's philosophy tends to favor businesses that have lower leverage and should fare better under higher interest rates.

This year we have seen gravity restored to the system as discount rates have increased. While this adjustment process, along with its impact on valuations, can be volatile and difficult, we believe we are ultimately heading to a place where returns will be driven more directly by company fundamentals, such as the quality of earnings and competitive advantages. We also recognize that in times when emotions run high, we must guard most fiercely against temptations to stray from our philosophy and process. We continue to play the plan focusing on buying wealth-creating companies, with excellent management teams, trading at a discount to our estimate of intrinsic value.



Greg D. Peterson, CFA

Greg Peterson is a Director and Investment Counsellor at Mawer Investment Management Ltd., which he joined in 2002. He is the manager of the Mawer Balanced Fund and the Mawer Global Balanced Fund. In addition, he leads the asset allocation team for the firm and is responsible for client portfolio management.

Mr. Peterson earned a Bachelor of Commerce degree, majoring in Finance, from the University of Alberta and is a Chartered Financial Analyst charterholder. He has investment experience since 1991.



Grant Bunker, MBA

Grant Bunker is an Investment Counsellor within the Private Client Investment Counselling team at Mawer Investment Management Ltd., which he joined in 2014.

Mr. Bunker has investment experience since 1995, serving both private and institutional clients.

Mr. Bunker earned his MBA from Schulich School of Business at York University and his Bachelor of Arts from the University of Guelph. In 2006, he obtained his Certified Investment Manager designation from the Canadian Securities Institute.

Ridgewood is grateful for the opportunity to work with the Peguis First Nation and appreciates your continued vote of confidence as we manage a portion of the Surrender Trust. In 2023, we are once again happy to help support the AGM and lend financial assistance to the community where we can. We enjoy working with all the Trustees and look forward to continuing our partnership with the entire community.



Ridgewood Overview:

With a history spanning more than 25 years, Ridgewood Capital Asset Management is a well-respected investment counseling firm providing asset management services to both individuals and institutions. We manage over \$1.4 billion in assets and have been managing investment portfolios for First Nations and other Indigenous communities for over 20 years.

Surrender Claim Trust Portfolio:

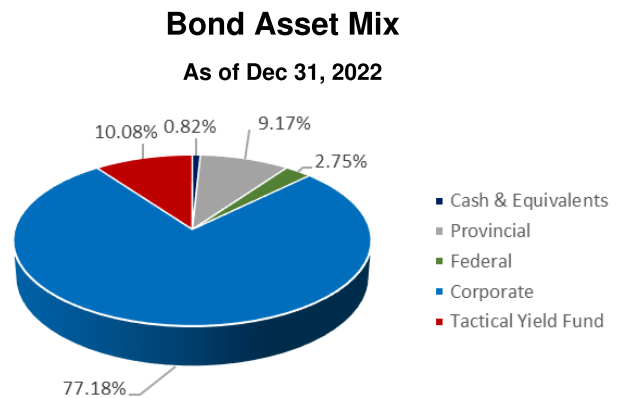
Ridgewood manages a Fixed Income (Bond) portfolio for the Surrender Trust.

Our goal is to provide consistent long-term performance while maintaining a high quality, liquid bond portfolio. Our disciplined approach to fixed income management combines interest rate anticipation with strategic sector selection, to produce above-average returns with below-average volatility.

Moving through 2022 financial markets were predominantly focused on inflation, how quickly Central Banks were raising interest rates and if/when interest rate increases might stop. The rate of inflation reached a high of 9.1% in the U.S. in June and 8.1% in Canada, also in June. The Bank of Canada raised their overnight interest rate from 0.25% at the beginning of 2022 to a current level of 4.5%. The Federal Reserve in the U.S. has raised their interest rate from 0.25% to a slightly higher range of 4.75% to 5.0%. The purpose of these interest rate increases is to slow consumer spending which will reduce demand, slow the economy, and ultimately lower the rate of inflation.

Unfortunately, the interest rate increases (which cause bond prices to decrease) left bond markets with negative returns for the year. At the end of 2022, the Surrender Trust portfolio generated a return of -10.23% versus the FTSE Canada Universe Bond Index (the industry benchmark) at -11.69%. The index return of -11.69% was the largest negative return for the bond index in over 45 years. It was also the first time both bond markets and equity markets were negative in a calendar year since 1969. Ridgewood protected the portfolio’s capital as best as possible in a very challenging year for bonds. As of December 31, 2022, your portfolio had a value of approximately \$55,083,551.77.

Sample Holdings As of Dec 31, 2022
BC Ferries
First Nations Finance Authority
Athabasca Indigenous Mid LP
Province of Manitoba
Royal Bank of Canada



As we begin 2023, most Central Banks remain adamantly focused on slowing their economies to lower inflation to their 2% target. As of March 31, 2023, Canadian inflation was reported at 4.3% while the U.S. sits at 5.0%. Globally, economies are beginning to show signs of slowing. Financial markets will continue to be volatile, and patience is required as Central Banks execute their strategies.

In the Peguis Surrender Trust portfolio, Ridgewood has a term to maturity similar to that of the index to protect capital in this higher interest rate environment. We continue to hold a higher weighting of corporate bonds which offer a higher yield.

The bond portfolio is well diversified, and we will continue to manage it using the same processes that have historically served us well.

We thank you for your continued trust.

Sincerely,

Robert Cruickshank

Vice President



Robert Cruickshank is a Vice President and partner at Ridgewood and brings over 30 years of experience in the financial services and investment industry to the firm. Robert has experience in custody, performance analytics and providing investment solutions to both high net worth and institutional investors. He has been actively involved with Aboriginal clients for over 14 years. Robert is a CFA charter holder and holds the CIM designation.

CERTIFICATION



PEGUIS FIRST NATION SURRENDER CLAIM TRUST

Building *Our* Future

WE CERTIFY THAT, to the best of our information, knowledge and belief that the information contained on the preceding pages are true and that all expenditures and investments of the Trust Property were properly documented and authorized in compliance with the Trust Agreement.

Community Fund Trustees

Lloyd Sinclair, Co-Chair 2022

Hal Sutherland, Co-Chair 2022

3 Vacancies

Financial Trustees

Errol Wilson, Chair 2022

Elva McCorrister

Robert Magnusson, CA

TD Canada Trust Company

3 Vacancies

Management & Staff

- Sharon Stevenson, Trust Manager
- Debbie McElhinney, Project Officer
- Denise Sinclair, Finance Assistant
- Nikki Stevenson, Administrative Assistant

Contact Information:

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