Approved
Feb 28/15

Tr'ondek Hwech'in Trust

Investment Policy Statement

Tr'ondëk Hwëch'in
TRUST

This Investment Policy Statement identifies the key investment factors bearing upon the decisions for the Investment Portfolio of the compensation money resulting from the THT Final Agreement.

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Preamble

This Investment Policy Statement (IPS) applies to the Compensation Funds settled with the Tr'ondëk Hwëch'in Trust (the Trust or THT), which is managed for the benefit of the Tr'ondëk Hwëch'in (TH) Final Agreement Beneficiaries. It contains investment guidelines and monitoring procedures.

The primary objective of the Trust is to preserve and protect the TH Land Claim Compensation funds for current and future generations of TH Final Agreement Beneficiaries. The Trust seeks long-term capital appreciation to protect the Beneficiaries' inflation adjusted per-capita purchasing power while also providing steady income for current THT Beneficiaries.

A secondary objective of the Trust is to optimize returns taking into account applicable Investment Policy Statement guidelines.

The Beneficiaries and Trustees intend to grow the Trust in perpetuity. To that end, at any time prior to the end of a fiscal year, no more than 75% of the accrued primary income shall be paid out of the Trust.

The Trust is managed in accordance with all applicable legal requirements, including the Tr'ondëk Hwëch'in Final Agreement, Chapters 19 and 20, the Tr'ondëk Hwëch'in Constitution and by-laws and in accordance with the Tr'ondëk Hwëch'in Trust Deed notwithstanding any indication to the contrary which might be construed from the IPS.

The Trust is not part of the Tr'ondëk Hwëch'in Government and has a goal of managing the compensation assets into perpetuity for its beneficiaries and as such reports to the General Assembly in accordance with the Trust indenture.

1 Purpose and Mission

The purpose of this Investment Policy Statement (IPS) is to set out a method for Trustees to deal with the Trusts investment-related functions. The IPS is not intended to be a static, one-time document. The Trust intends that the IPS be kept current and revisited at a minimum every two years and ideally at an annual strategic planning session of the Trust.

The primary mission of the Tr'ondëk Hwëch'in Trust (TH Trust) is to provide prudent financial stewardship of the Tr'ondëk Hwëch'in First Nation (TH) compensation dollars by providing the greatest financial returns on these savings for current and future generations of the TH within prudent levels of risk to all beneficiaries and to ensure the preservation of wealth into perpetuity for future generations.

Section 1.4 of the trust indenture sets out the purpose of the TH Trust:

"*The Trust's mandate is to preserve the Trust Property for future generations of the Tr'ondëk Hwëch'in and to receiving, holding, managing, investing, allocating and otherwise any income earned by the Trust for the purposes of promoting, funding or carrying out social, community or economic development activities of direct benefit to the Tr'ondëk Hwëch'in.*"

This IPS identifies the key financial factors bearing upon decisions for the compensation dollars and provides a set of written guidelines for the financial management of this wealth.

2 Legislative Framework

In August, 2009, the General Assembly passed a resolution that approved the draft trust indenture which set out the terms and conditions for the establishment of the TR'ondëk Hwëch'in Trust and its operation and administration. The resolution also authorized the TH Council to transfer the financial compensation and investments of the TH to the TH Trust, as appropriate.

The TH Trust is a legal body that is separate and independent from the TH. It was established for the purpose to hold and manage the financial compensation assets and business investments of the TH on behalf of the TH citizens.

There are several benefits for the TH's assets and investments to be transferred to the TH Trust and managed by the trustees. Firstly, these assets and investments will be protected from any debts or liabilities of the TH, unless they were encumbered by the TH prior to the transfer.

Secondly, since the trustees are legally obliged to manage the assets in a transparent and accountable manner in accordance with the trust indenture, they will provide the appropriate attention and oversight to the management and administration of these assets without any political interference.

3 Investment Beliefs and Guiding Investment Principles

The following investment beliefs outline the investment philosophy and core values that were used in developing this investment policy for the TH Trust.

1. To seek a return on investment consistent with levels of investment risk that is prudent and reasonable given medium- to long-term capital market conditions.
2. The TH Trust realizes the importance of the preservation of capital, it also recognizes that to achieve the Trusts investment objectives requires prudent risk-taking, and that risk is the prerequisite for generating excess investment returns. Therefore the Trust realizes that investment risk cannot be eliminated but should be managed, and that Trustees have the obligation to utilize risk efficiently.
3. The TH Trust believes that pricing in public stock markets is efficient and that little gain is made from individual security selection. As such, the TH Trust will invest the long term public market portfolio based on a strategic asset mix and employ a strategy of tactical asset class tilts within stated benchmark ranges. The public market portfolio will employ the use of exchange traded funds (ETF's), through an investment manager, which are constructed to match established indices.
4. Risk exposures should be identified, measured, monitored and tied to responsible parties; and risk should be taken consistent with expectations for return.
5. The most important investment decision is establishing return goals and risk tolerances and then setting an appropriate asset allocation reflecting these goals and tolerances. Periodic reviews of policies, risk tolerances and asset allocations should be done at least every two years to reflect evolving financial markets as well as changes in investment goals.
6. Our long investment time horizon supports our primary goal of growing wealth.
7. Investment diversification, though effective portfolio construction and management is fundamental to our success. Diversification allows the Trust to spread risk across key factors such as time periods, geography, and economic outcomes, which reduces the adverse impact of any one investment loss on the Trust overall. The Trust will endeavour to diversify the portfolio taking into account different drivers of risk and return.
8. The Trust works to identify and cultivate relationships with like-minded partners within and outside of the Yukon. We strive to build success based on cooperation, trust and transparency in our goal of attaining sound investments both Yukon and Non-Yukon based.
9. The returns we can expect will not be constant over time. Therefore, our investment strategy must adjust to reflect the potential reward relative to the investment risk. It is important to be flexible and disciplined to adapt to business cycles and shifting investment environments.
10. Innovative strategies and our long- term horizon are powerful investment tools when used with sound risk and liquidity management.
11. The Trust has limited demands in terms of liquidity other than any planned distributions to meet any funding policies. Given the Trusts liquidity profile and long-term investment horizon it has

the ability to take advantage of the superior risk-adjusted returns provided by prudent investments with a longer horizon.

4 Roles and Responsibilities

Trustees

The duties of a trustee have been established in the common law and set out in statutes enacted by public government. In the Yukon, the Trustee Act (Yukon) sets out the general duties of trustees in the Yukon Territory. These duties are generally only applicable so long as they are not contradicted by the trust agreement. Therefore, the trust agreement and both the common law and statutes must all be examined in order to determine the full range of the duties of a trustee.

The foundation of a trustee's duties is clear: a trustee must always hold and manage the trust property for the benefit of the beneficiaries. A trustee is a person who is under a fiduciary obligation to hold property, of which he is technically the owner, for the benefit of another. The duties of a fiduciary include loyalty to the beneficiaries and taking reasonable care of the assets within the trustee's custody. All of the fiduciary's actions must be performed for the advantage of the beneficiaries and, therefore, a trustee cannot do anything that is not directed solely towards the best interests of the beneficiaries of the trust. The best interests of the beneficiaries are paramount over the trustee's personal interests and, as a result, the trustee cannot permit himself to be in a position where the duties of his office as trustee and his personal interests may conflict.

R.S.Y. 2002, c.223.

Trustees have the following responsibilities in addition to those that are outlined in the THT Policies and Procedures manual.

The Trustees shall have the authority and the responsibility to develop and approve the Investment Policy Statement. The Statement shall provide the guidelines under which the Trust is invested. The Statement shall be formally reviewed, updated as necessary and approved at a TH General Assembly every five years at a minimum.

The responsibility for implementation of the Investment Policy lies with the Trustees, acting in their capacity as the TH Trust Investment Committee (the Committee). For greater certainty, the Investment Committee is not a committee as defined under the TH Constitution.

A non-voting member/advisor may be retained by the Trustees to add technical strength and depth to the Committee. All Committee decisions shall be made on a consensus basis.

Trustees shall meet at least quarterly to review the quarterly investment reports and statements and, to discuss any changes to the general investment strategy. No meeting shall take place unless three voting members are in attendance.

Trustees shall retain the services of a custodian and Investment Counselor(s) registered with the appropriate Securities Commission(s). The Investment Committee may call on various professionals from time to time to act as the Investment Committee's advisors. The investment Committee maintains an active role with respect to the following:

i) Formulation of the Investment Policy Statement;

ii) Appointment and monitoring of Investment Counselor(s) and advisor(s);

iii) Evaluation of the Trust's investment performance.

Any person to whom Trustees delegate responsibilities with respect to the investment of the Trust shall adhere to the provisions of the Investment Policy Statement.

An independent audit of the Trust shall be done every year. The audit will, amongst other things, verify Trust transactions and the market value of the Trust at the end of the latest period.

Investment Consultant

The THT has no dedicated investment staff and as such must rely on investment consultants or appropriate business consultants. These consultants must have attained one or more of the following designations: CFA, CIM, MBA, Business Degree, CA, CMA, CGA or a recognized equivalent with relevant experience.

The Investment Consultant shall:

At the request of the Trustees, consult with the THT on issues relating to the Trusts investments and ongoing reporting and monitoring requirements as outlined in investment policy.

In the prudent management of all trust investment decisions, it is the trustee's duty to obtain advice from relevant, independent and qualified non-biased investment/business consultants.

Investment Counseling Firm

The Investment Counseling Firm in performing its duties shall:

- Exercise the care, diligence and skill of a prudent investment counselor and shall at all times act on a basis that is fair and reasonable;

- Adhere at all times to the Code of Ethics and Standards of Professional Conduct adopted by the CFA Institute and the Investment Management Firms own internal guidelines;
- Manage the portfolio account in accordance with the terms of its investment management agreement with the THT and its investment mandate;
- Provide Trustees with quarterly reports of portfolio holdings, including any changes in the portfolio since the last review and any expected future changes in the portfolio;
- Be available to meet with the THT twice a year, to review results they have achieved, including an explanation of any shortfalls in performance, and to review their forecast of future economic conditions, their expected investment strategy and their expected effect on the portfolio, and estimates of future returns on their asset classes;
- Inform the THT promptly of any element of their mandate from the THT that could prevent attainment of the outlined objectives;
- Inform the THT promptly of any changes in the Investment Counseling Firm(s) or investment policy of the pooled funds or underlying material changes in ETF's utilized, including changes in ownership, senior investment personnel or investment management style or any element that could have a material impact on their oversight and management of the THT investments;
- Provide the THT with a quarterly compliance statement, in which the Investment Counseling Firm(s) either claim compliance with the terms of the IPS or describes any breach of policy, as the case may be. In the case where pooled funds or Exchange Traded Funds (ETF's) are held, such quarterly compliance statements shall also describe the compliance or non-compliance of all of the pooled funds or ETF`s used by the Investment Counseling Firm(s) for the THT and any material changes in ETF types used in the THT portfolio;
- Provide performance reporting to the THT as outlined in Section 14 of this IPS.

Custodian

Custody of the Portfolio's assets will be delegated to a trust company or other financial institution similarly recognized as a depository for securities.

The Custodian shall:

- Provide safekeeping for portfolio assets;
- Process transactions as directed by the Investment Counseling Firm(s) and/or the Trust;
- Collect interest, dividends and the proceeds of cash equivalent and fixed income instrument maturities;
- Inform investment manager(s) of pending corporate actions (e.g., name changes, mergers, and process instructions related to such matters;
- Deposit funds and pay expenses as directed by the Trust;
- Maintain a record of all transactions;
- To the extent possible, provide applicable information as may be requested by the Trust auditor.

Education

The THT will arrange and schedule investment workshops and educational sessions for the membership as identified.

Trustees will participate in annual educational workshops and educational sessions and endeavour to collaborate on these training initiatives with other TH interested bodies and beneficiaries.

Conflicts of Interest

The Trust has developed a separate Code of Conduct Policy for Trustees to follow.

In addition to this trustee code of conduct, trustees, members of the Investment Committee as well as TH employees, agents, advisors, custodians and Investment Counseling Firm(s) are all fiduciaries and, as such, subject to the following guidelines:

No fiduciary will knowingly permit his or her interest to conflict with his or her duties or powers relating to investment of the THT wealth or to any other matter related to the Trust. Any actual or perceived conflict of interest must be reported to Trustees and the Trust watchman. Such disclosure will be made when the affected individual first becomes, or ought to have become, aware of the conflict or potential conflict.

A conflict of interests is deemed to exist when private or corporate interests are of sufficient substance and proximity to their duties and powers with respect to the Trust to impair their ability to render unbiased advice or make unbiased decisions affecting the Trust.

The THT will be the sole arbiter in determining whether the conflict of interest exists; if it determines that a conflict does exist, will take all necessary and appropriate measures to remedy the situation. Every disclosure of a conflict of interest will be recorded in the minutes of the Trust.

Should the Trustees be unable to determine if a conflict of interests exists, they shall refer the matter to the Protector. Should the Protector be unable to determine if a conflict of interests exists, the Trustees will consult with the Chief and Council. Should these mechanisms fail to resolve the matter, a meeting of the Trust's Beneficiaries shall be held in Dawson City after two weeks' notice. At any time in the procedure, the Trustees may call upon an independent third party to provide advice on the matter.

The failure of a fiduciary to comply with the requirements of this Section will not of itself invalidate any decision, contract or other matter.

A conflict of interest is deemed to exist when the interests of a fiduciary are of sufficient substance and proximity to their duties and powers with respect to the Trust wealth to impair their ability to render unbiased advice or to make unbiased decisions affecting the THT wealth.

While every circumstance giving rise to possible conflicts of interest cannot be identified, fiduciaries shall disclose, among other things:

- Material beneficial ownership of investments which the THT may be considering buying or divesting;
- Compensation received from any persons or corporations other than one's employer and, in particular, from the issuer or vendor of securities which the THT owns or may be considering buying where they are an employee or agent of the Investment Counseling Firm(s);
- When they are and employee or agent of the Investment Counselor;
- Consideration paid or granted to others for making a particular recommendation relating to the investments of the THT.

Trustees may call upon an independent third party to provide advice on the matter.

If a conflict is deemed to exist and after the fact a person made money privately in a conflict, any gains made by that person from the conflict will be given up to THT.

All investment transactions will be conducted in accordance with the laws of Canada and the Yukon Territory.

5 Investment Time Horizon

The THT's design is to benefit current and future generations of the TH; hence, the time horizon is perpetuity. The THT has established a strategic asset allocation with a time horizon greater than ten years to meet its investment objectives.

6 Liquidity and Income Requirements

The THT requires sufficient liquidity to support any planned funding policy requirements on a timely basis.

7 Other Constraints

It is the goal of the THT to strive to have all investments to be of a quality considered acceptable by other prudent institutional investors. Investments of the Trust are also constrained by the terms of the TH Trust Deed of Settlement.

8 Reporting to the Beneficiary

The Trust operates on a fiscal year with the quarters ending March 31, June 30, September 30, and the year ending December 31.

The Trust is the property of and established for Tr'ondëk Hwëch'in Beneficiaries. As such the quarterly statements showing the market value of the Trust are available for review at any time during normal business hours by any TH Final Agreement Beneficiary.

The Trustees will make available on request, to the Beneficiaries, the audited financial statements within six months of the Trust`s year-end. Bi-annually the Trust will host a citizens' meeting to provide updated information on its investments.

Leverage

Leverage is commonly found in asset classes such as real estate, infrastructure and private investments. In each case, leverage is understood to be an integral part of the underlying strategy, giving particular consideration to the related risks for each investment.

Outside of the leverage embedded in the above mentioned asset class investments, the THT will allow for up to a maximum of ten (10%) percent of the total market value of the THT to be leveraged.

9 Performance Objectives and Risk Philosophy

Performance Objectives

Performance objectives shall be established for the total wealth of the THT, underlying asset classes and individual investment manager portfolios. These objectives will be incorporated in the quarterly reviews of the THT's performance.

The investment strategy articulated in the strategic policy asset allocation found in Section 10 has been developed in the context of long-term capital market expectations. The investment objectives and strategies emphasize a long-term outlook, and interim performance fluctuations will be viewed with the corresponding perspective. The THT acknowledges that over short time periods (i.e. one quarter, one year, and even three to five year time periods), returns will vary from performance objectives and the investment policy thus serves as a buffer against ill-considered action.

There are four principal factors that affect the Trust's financial status: 1) contributions from TH 2) annual payouts for expenses and funding policy 3) inflation, and 4) investment performance. Only the last factor is dependent upon the investment policy and its guidelines. However, the THT's level of risk tolerance will take into account all four factors.

At certain levels of assets and a given funding policy, it could be impossible for the investments to achieve the necessary performance to meet desired spending. The result is that either spending policy has to be changed, contributions increased or risk tolerance changed.

The performance of the overall THT will be measured relative to:

- Inflation
- Policy benchmarks

The THT's long-term investment goal is to achieve a real rate of return after expenses of four percent (4%) per year. It is recognized that there may be years, or a period of years, when the Trust does not achieve this goal followed by years when the goal is exceeded. Yet, over rolling 4 year periods, Trustees seek to achieve an average annual net real rate of return of four percent (4%) at risk levels broadly consistent with large public and private funds.

It is expected that the strategic policy asset allocation outlined in Section 10 will earn an average real return, after expenses, of 4.00% annually measured over a rolling four year period. The real return will be measured by subtracting the Canadian Consumer Price Index (CPI) from the total net return of the THT.

Risk Philosophy

The long-term performance of the THT is primarily determined by the long-term strategic asset mix outlined in Section 10. The approach of broad diversification across various asset classes within the asset mix is one of the THT's most important risk management control tools.

In its broadest sense, risk refers to the unpredictability of future asset value, and specifically, the chance that assets may decrease, as well as increase, in value. Investment principles and practical experience both support the notion that expected returns are proportional to market risk taken. Trustees recognize that the assumption of risk is necessary to meet THT objectives; that is, there are no "risk free" assets, which are sufficient to generate the return needed for long term growth requirements. Thus THT risk management does not require the elimination of risk, but the balancing of risk and expected return.

Risk in itself is intrinsically neither good nor bad; it is a resource used to generate investment returns.

Trustees recognize that:

"The essence of investment management is the management of risks, not the management of returns".

Risk Policy

One of many methods of reducing risk in an investment portfolio is to diversify assets by type so that all assets do not have the same drivers of risk and returns. The THT can be divided into four (4) different "Risk Classes" to view these different risks and to ensure that the combined portfolio does not become overly exposed to any one Risk Class.

Each asset class cannot be thought of in isolation in terms of risk but as part of its effect on the portfolio as a whole.

The THT's policy regarding investment risk, consistent with modern portfolio theory, is that risk cannot be eliminated but should be managed. Trustees need to understand the risks in various investment strategies, ensure that they are properly compensated for these risks, and measure and monitor them continually. In particular, the level of risk taken should be consistent with the return objectives of the investment. The framework for risk management is set through the investment policy guidelines for the different asset classes, the strategic asset allocation, and the benchmarks used for performance objectives.

The THT looks at the trust assets through different risk lenses in order to not over expose the trust assets to any one driver of risk or return. This diversifying of the trust assets into different "risk classes" is one tool the THT uses to help mitigate risk.

As can be seen in Table 10a, the THT's investment allocation will be equity-dominant given its long-term investment horizon and goal, but will include multiple asset classes having varying risk and correlations.

The long term expected return and risk parameters of the targeted public market asset allocation are:

- Real rate of return of 4% on a 5 year rolling basis.
- Maximum negativity in any rolling one year period of 14%.

The public market investments are periodically rebalanced in order to compensate asset allocation shifts rising from differences in rates of return on different asset classes.

Based on the risk tolerance for TH beneficiaries and return objectives, the THT has adopted the following long term strategic asset allocation policy, including asset class weights and ranges.

Criteria for including an asset class in the strategic asset allocation policy include:

- Widely recognized and accepted among institutional investors
- Has low correlation with other accepted asset classes
- Has a meaningful performance history
- Involves a unique set of investors

The strategic asset allocation policy target recognizes the current under-investment in illiquid asset classes (real estate, real assets) and the corresponding need to set rebalancing ranges around this effective policy allocation until such time as long-term policy weights in these classes are achieved.

The strategic policy asset allocation will seek to optimize expected return versus expected risk over a long-term investment horizon. The Trust will annually evaluate the strategic asset allocation.

10 Strategic Policy Asset Allocation

As can be seen in Table 10a, the THT's investment allocation will be equity-dominant given its long-term investment horizon and goal, but will include multiple asset classes having varying risk and correlations.

The long term expected return and risk parameters of the targeted public market asset allocation are:

- Real rate of return of 4% on a 5 year rolling basis.
- Maximum negativity in any rolling one year period of 14%.

The public market investments are periodically rebalanced in order to compensate asset allocation shifts rising from differences in rates of return on different asset classes.

Based on the risk tolerance for TH beneficiaries and return objectives, the THT has adopted the following long term asset allocation policy, including asset class weights and ranges.

The strategic policy asset allocation will seek to optimize expected return versus expected risk over a long-term investment horizon. ***The Trust will annually evaluate the strategic asset allocation after reviewing considerations and recommendations from the Consultants and/or Advisors of the trust.***

The strategic asset allocation policy target ranges over a rolling four year period is the following:

Table 10a Strategic Policy Asset Allocation Ranges

Risk Class	Asset Class	Asset Class Ranges		Risk Class Ranges
Cash and Interest Rates				**25%-30%**
	Short term securities	0%-5%		
	Public Fixed Income (Bonds)	10%-15%		
	Infrastructure Debt (YDC Loan)	5%-10%		
Company Exposure				**45%-55%**
Public Company Exposure			***35%-40%***	
	Canadian Equity	10%-35%		
	US Equity	10%-20%		
	Non North American (EAFE)	5%-20%		
	Alternative Public Equity (see manager BMI Appendix A)	0%-5%		
Private Company Exposure			***10%-15%***	
	Private Corporate Debt	0%-2%		
	Private Equity	10%-13%		
Real Assets				**20%-25%**
	Public Market REITs	0%-5%		
	Private Commercial Real Estate	10%-25%		
Special Regional Opportunities				**3%-5%**
	Chief Issac (Dawson Regional)	0%-5%		
	THT Shareholder Loan to CII	0%-5%		
Total Trust Leverage				**0%-10%**
Total Assets Yukon Based				**15%-50%**
Total Active Trustee Involvement				**15%-35%**

Trustees will review overall Trust asset allocation on an annual basis and consider rebalancing options that are in the best interests of the Trust in terms of factors affecting illiquid alternative assets and liquid public market investments and to ensure trust assets fall within the above indicated ranges.

Trustees recognize that the risk profile of the THT increases with a concentration of assets that are Yukon based and is further increased if the drivers of return and risk for these assets are similar or the same. Trustees have set limits around the percentage of Trust assets to be Yukon based. The trust acknowledges citizens feedback to have regional investments within the Yukon. The trust recognizes the higher risk profile of private regional based investments and has established strategic asset allocation and risk class guidelines to adhere to.

The THT also recognizes that capacity ability at the Trust level adds risk to the THT assets that require more active trustee oversight and decision making involvement than in the case where an experienced external manager with an established track record is engaged by the trust. Trustees have set target ranges around active trustee involvement.

NOTE: ***All repayments of capital, interest and dividends earned from the Infrastructure debt (YDC Loan), Private Real Estate and Private Equity investments are to be reinvested into public market fixed income first to maintain the Risk Class range of Cash and Interest rates within the strategic policy asset allocation range of 25% to 30% of total compensation assets.***

11 Asset Class Investment Guidelines

Permitted Investments

Permitted Investments are investments that adhere to the investment and lending policies, standards and procedures that a reasonable and prudent person would apply in respect of a portfolio of investments to avoid undue risk of loss and obtain a reasonable rate of return. The investments of the THT must also be in compliance with this IPS and be recognized as qualified investments under the applicable legislative provisions in the Trust Deed.

In the case where the THT invests in pooled funds and exchange traded funds (ETF's), which have separate and independent investment policies and guidelines, should a conflict arise between the provisions of this Policy, and the provisions of the pooled fund's investment policy or ETF guidelines, the Investment Manager is required to notify Trustees promptly in writing, detailing the nature of the conflict and the Investment Manager's recommended course of action.

Public Market Investment Guidelines and Limitations

All portfolios should hold a prudently diversified exposure to the intended market. In a prudently diversified portfolio the credit quality, liquidity and liquidity of the underlying security is an important consideration.

The Public Market Investment (PMI) is strictly invested in the following asset categories:

- Cash;

- Demand or term deposits;
- Short term notes;
- Treasury bills;
- Bankers acceptances;
- Commercial paper;
- Bonds, including real return bonds and those issued as Private Placements;
- Mortgages and mortgage-backed securities;
- Investment Certificates issued by banks, insurance companies and trust companies
- Convertible debentures;
- Common and preferred stocks;
- Limited liability income trusts;
- American Depository Receipts and Global Depository Receipts (or similar);
- Exchange Traded Funds that meet permitted investments criteria within this policy;
- Derivatives when held within a pooled fund **without leverage;**

  Leverage is defined as either:

  - Borrowing to increase the amount of assets available for investment, or
  - using derivatives or cash instruments to increase the risk profile of the portfolio beyond the stated guidelines, scope, objectives and philosophy of the investment mandate.
- Equity Private Placements when held within a pooled fund; and
- Foreign bonds
- Pooled funds invested in any or all of the above assets categories
- A pooled fund may enter into securities lending transactions, repurchase transactions and reverse repurchase transactions, as permitted by the Canadian securities regulatory authorities.

The PMI does not engage in:

- The purchase of securities on margin;

- Loans to individuals or corporations;
- Derivatives held for speculative purposes or held to alter the exposure to an asset class outside the scope of the investment manager's mandate;
- Equity Private Placements held on a segregated basis; and
- Short sales

Investment Limitations of Public Market Investments (PMI)

Diversification shall be achieved in part by limiting to 5% or less the percentage of the market value of the total portfolio invested in a single security not guaranteed by the Government of Canada or a Canadian Province. Efforts shall be made to restrict the investment in a group of equities whose returns are expected to be highly correlated.

Exchange Traded Funds consisting of multiple securities within a sector are exempt from the 5% rule but are limited to no more than 10% of their asset class. Highly liquid Exchange Traded Funds that track broad market indices (not sectors) are limited to no more than 30% of the fund, subject to THT's existing asset class limits.

Liquidity shall be achieved in part by limiting to 10% or less the percentage of a single public issue, not guaranteed by the Government of Canada or a Canadian Province, to be held by the PMI. A limit of 20% or less of the fixed income asset class may be invested in mortgage-backed securities. The PMI shall not engage in the use of equity private placements outside of a pooled fund.

Quality shall be achieved in part by ensuring that short-term instruments have a weighted average credit rating of R-1* low or A-1** or its equivalent and that bond portfolio have a weighted average credit rating of A* or its equivalent. Short Term instruments with a credit rating of R-2 low* and Bonds rated BBB* may be held within pooled funds to a maximum of 15% of a pooled fund. All Fund equity investments shall trade on a recognized stock exchange or network and preferred stocks must have an acceptable investment grade quality of P2. Convertible debentures shall have a minimum credit rating of BBB and are limited to a maximum of 10% of the equity portfolio and 2.5% of the total portfolio.

* Credit ratings issued by the Dominion Bond Rating Service.

** Credit ratings issued by the Standard and Poor's Bond Rating Agency

Any widely accepted credit rating agency is acceptable in addition to the two named, using equivalent credit quality ratings.

Bonds rated below BBB may be held within a pooled fund and are limited to 10 % of the fixed income allocation.

Bonds are rated for Credit Quality to give investors a gauge of how creditworthy the issuer is and consequently how likely they are to meet the interest payments and repay the bond at maturity. The ratings begin at 'AAA' for the Government of Canada representing the best credit quality. Ratings then decline through 'AA', 'A' and 'BBB', all of which are considered 'Investment Grade'. Bonds rated 'BB' and lower are not considered 'Investment Grade'.

Voting Rights

When securities are held on a segregated basis the following policies apply to the voting rights of those securities. When securities are held within a pooled fund, the Investment Counseling Firm(s) will exercise all voting rights and will report to the THT on their voting record.

The Trust may pass a resolution that delegates voting rights on PMI securities to the Investment Counseling Firm(s). Any voting rights used under such a resolution must be reported to the Trust.

The Trust shall inquire as to the Investment Counseling Firm(s) policy on voting rights.

The Investment Counseling Firm(s) shall maintain a record of how PMI voting rights have been exercised.

When a voting right can be expected to have special significance to the PMI or in case of doubt as to the best interests of the PMI, the Investment Counseling Firm(s) shall request instructions from the THT and will act in accordance with such instructions. The THT will make reasonable efforts to identify what issues can be expected to be of special significance and to inform the Investment Counseling Firm(s).

The THT may exercise any voting right by communicating its intentions to the Investment Counseling Firm(s) in writing.

Alternative Asset Class Investment Guidelines

The following parameters outline return expectations for the alternative asset classes and outline risks that must be monitored and mitigated within the best available means.

Real Estate Guidelines

Real estate as part of an investment portfolio can work to improve the risk adjusted performance of the overall investment portfolio by capturing the return and diversification benefits of the real estate asset class.

The THT will invest in discretionary commingled funds through investment vehicles (e.g., limited liability companies, real estate investment trusts, and limited partnerships) owned with other suitable and primarily institutional investors (e.g., First Nations, pension funds and endowments). Investments will be evaluated on a case by case basis, but at a minimum need to provide a compelling opportunity, which is consistent with the THTs long term investment objectives.

The real estate allocation shall be completed in a manner that enhances the THT's overall investment diversification, aiming to reduce risk by limiting exposure to any one real estate property type, geographic region or other defined risk factor.

Although private real estate investments are illiquid and have a long-term holding period, investing in this asset class should improve the THT's risk-adjusted returns by enhancing overall diversification, which reduces total portfolio risk.

Objectives

Strategic Objectives

The strategic objectives of the real estate portfolio in the context of the overall THT investment portfolio are as follows:

1) To use real estate to enhance overall investment portfolio diversification and, in turn, reduce overall portfolio investment risk, given the historically low to negative return correlations that exist between real estate and other asset classes.
2) To invest in real estate assets, which will generate a significant cash return. In general, as a portion of total investment return, higher levels of current income are expected from core investments; in contrast, higher levels of appreciation are expected from noncore investments.
3) To provide a hedge against inflation when compared to the fixed income asset class over the longer term.
4) To provide an overall return that provides an illiquidity premium to traditional equities and fixed income.
5) To provide an investment for the THT within northern Canada and our communities that will meet the THT required investment returns over the long term and lend support to further possible economic benefits for our communities over time through partnerships and benefits of strategic ownership. The THT's objective is to maximize the purchasing power of the trust over the longer term, assuming a moderate level of risk.

As a matter of policy, the THT will seek, but is not limited to, dedicated management teams that co-invest or have substantial ownership interest in the investment entity, controlling positions with provisions for liquidity, and disclosure, as well as the mitigation of conflicts of interest.

The THT realizes that a focus on only northern Canadian real estate outside of the major centers in Canada adds a higher level of risk to the real estate portfolio and has built this risk premium into its return requirements. The returns provided by the northern real estate investment of the Trust will be expected to be comparable or ideally above that of southern Canadian markets. A "northern" risk premium will be built into the return requirement for any northern investments due to the nature of a smaller market and the higher risks associated with it when compared to southern Canadian real estate markets.

Return Objectives

The real estate portfolio shall be managed over the long-term to accomplish the following goals on a net-of-fees basis:

The THT shall attribute a custom benchmark to the NVDLP and Yukon Inn Holdings mandate incorporating relevant risk factors, liquidity, northern Canada location, smaller market risks and exposure to development and redevelopment with exposure to boom and bust economic cycles.

1) Meet or exceed, on a net-of-fees basis the Index plus 150 basis points over 4 years.

2) Exceed a minimum net-of-fees Real Internal Rate of Return ("IRR") of 10% over 4 years.

Risk Management Objectives

The real estate portfolio shall be monitored over the long term to accomplish the following goals:

1) Maintain an appropriate level of diversification between (i) strategy; (ii) geographic region; (iii) investment manager; (iv) investment life cycle; and (v) vintage year

2) Maintain an appropriate level of leverage. Sufficient consideration shall be given to the impact of debt financing for risk and return characteristics of the levered investments in total. The ideal debt to equity ratio will be in the 1:1 range.

Risk Strategy Objectives

The real estate portfolio shall be comprised of two different but complementary risk/return categories or risk strategies. These categories or strategies are referred to as the following: (1) core, (2) Noncore as further defined below.

Core

Equity investment in operating and substantially-leased (i.e., at least at market occupancy levels) institutional quality real estate in the traditional property types (i.e., apartment, office, retail, industrial, and hotel). Assets are located in significant metropolitan markets with reasonable population sizes and economies. Net returns historically have been in the 6-9% range (net of fees). Core investments typically feature current income as a large portion of overall return (i.e., up to 70%), and appreciation that generally matches or exceeds inflation. Low leverage is utilized (i.e., 50% or less on a portfolio basis). During periods of market illiquidity, core equity investments can provide high going in income returns and provide a reasonable inflation-hedge so long as markets are not oversupplied.

Noncore

Noncore investments represent a higher-risk profile than Core properties, and consist of the following types:

1. Properties which are acquired primarily for high appreciation potential, and are expected to derive their value primarily from appreciation returns.

2. Properties which would be Core except for an identifiable and correctable deficiency such as the need for lease-up, renovation, or conversion of an existing property, or the need for development adjacent to an existing owned property. Net returns have historically been in the 10- 12 percent range (net of fees).

Noncore investments are functional, high quality assets with specific property issues, such as high vacancy, significant upcoming lease expirations, or below market rents. These are debt or equity investments that typically require rehabilitation, redevelopment, development, lease-up, or repositioning. Noncore investments also typically feature both current income and appreciation as components of overall return. Noncore investments typically are expected to generate above-core returns. Noncore investments are typically more dependent on appreciation returns than core investments.

Core 45% - 70%

Noncore 20% - 40%

Leverage

The preference for the THT will be to derive returns through executing real estate strategies, as opposed to financing strategies. A long term debt to equity ratio in the range of 1:1 at the portfolio level is targeted.

Other Objectives

The real estate portfolio shall be managed in such a prudent manner so as to comply with the any ancillary or supplemental agreements of partnerships.

Liquidity

Ideally real estate investments shall be structured to include clearly defined redemption or termination provisions that offer investors a minimum level of liquidity, recognizing that these are private investments. In addition, whenever possible, investments shall include features that enhance liquidity to investors such as: (i) limited investment time horizons and holding periods; (ii) provisions for interim liquidation of investments; (iii) multiple exit strategies; and (iv) a readily tradable market for investor holdings.

The NVDLP subscription agreement does not explicitly provide for set liquidity events. Discussions with senior management indicate the intent to provide for regular liquidity events.

Investment Selection and Monitoring Guidelines

The selection of real estate investments shall be guided by the "prudent expert" standard, embracing the prudent decision-making process typically employed by experts in the areas of real estate acquisition, development, operation, disposition, and portfolio management. A market analysis shall be performed as the basis for a decision on the allocations to individual geographic regions, value creation strategies, property sectors and investment life cycles.

Furthermore, each equity sponsor shall be evaluated for their skills and their potential to create value. The criteria used shall include, but not be limited to:

a. Fit with the THT Strategy, Investment Policy and Strategic Plan, and within the overall objectives

b. A unique strategy that is complementary, not competitive, with existing investments

c. Integrity of the manager, its employees, and other investors

d. Quality of manager's overall corporate governance, management of the partnership, including controls and reporting systems

e. Specific objectives

f. Manager's relationship with and standing in the First Nation and investment community

g. Manager's relationship with limited partners

h. Nature of Value-Added involvement

i. Past financial performance of the individual investment professionals

j. Reasonable ratio of committed capital per partner

k. Appropriateness of terms and conditions

l. Alignment of interests with limited partners

Monitoring

The Trust shall monitor and evaluate the THT's real estate managers and investments continuously, based on the stated objectives and on their performance relative to the defined benchmarks.

Manager performance should be evaluated over meaningful time of at least four year intervals to ensure that performance is indicative of management's efforts. Consideration shall also be given to the financial strength of the investment manager, the level of client service given to the Trust, as well as changes within the managing organization.

As part of the Trusts monitoring of the real estate investments, periodic reports regarding the performance of the portfolio will be presented to the Trust as per the Reporting Guidelines in this policy.

Investment Manager Internal Guidelines

Real estate investment managers for the THT will strive to have best practices in all areas and develop appropriate internal guidelines. The internal guidelines shall comply with internationally recognized standards and methods, for issues such as valuation, measurement of return, management and control of risk.

Infrastructure Guidelines

Infrastructure investments include investments in critical service assets with high barriers to entry (i.e. toll roads, bridges, water treatment plants, power lines, etc.). A purchase of these assets typically involves agreements or contracts between the buyer of the asset and the seller (government or regulated entity). The assets themselves may not present high-risk profiles, but investors may add to risk through the management profile.

Investment Objective

Investments in infrastructure can provide attractive risk-adjusted returns, and low correlations with other major asset classes in the overall trust investment strategy. Infrastructure investing involves long-lived real assets that have inflation-protection characteristics and income that can meet the trust strategy of safeguarding the principal of the investment while maximizing total return.

Performance Objective

The THT's return benchmark for the infrastructure program is a return of 6.0% above inflation. The life-cycle nature of private infrastructure investments will contribute to an uneven return profile.

Investment Guidelines

The selection of infrastructure investments is guided by the trust goal to generate an attractive risk adjusted return, high current income, and maintain prudent diversification of assets within geographic regions and sectors.

The commitment period for investing in these assets takes several years and due to the size of these assets and the size of the THT these investments would likely be accessed through partnerships.

1. Institutional Quality: the Trusts goal is to strive to have all assets of institutional investment quality, generally deemed to be considered acceptable by other prudent institutional investors.

2. Diversification: Infrastructure investments should be chosen with consideration to diversification of assets by types and geography.

Infrastructure assets are substantially comprised of the sectors listed below.

- Energy – Electricity generation, transmission and distribution, oil and gas pipelines & storage facilities, natural gas processing, liquefied natural gas infrastructure, energy services and energy renewables.
- Transportation – Airports, air traffic control systems, ports, railroads, toll roads, bridges, tunnels, shadow toll highways.
- Water Infrastructure – Water treatment, water technology & services, water distribution and waste water systems.
- Telecommunications – Regulated fixed-line telephony, telecommunications towers, and television broadcast towers, cable networks and satellite systems.
- Public/Private infrastructure – Schools, hospitals, government related buildings.
- Other infrastructure – Other protected income stream assets, securities (equity/debt/other) or other interests of infrastructure issuers, joint ventures, other infrastructure funds, other infrastructure related assets: debt and equity.

Real Assets

Purpose: The value of real assets may hedge inflation risk, helping protect the Trusts' real value over time.

Return Goal: 3 month Treasury Bills + 600 basis points.

Components: Real estate and infrastructure

Risk Considerations (only a sample of the risks to consider)

Interest rate risk Liquidity risk Regional risk

Equity risk Bankruptcy risk refinancing risk

Inflation risk Partnership risk Regional Risk

Cash flow risk Natural disaster risk Business (operational) risk

Private Equity Guidelines

Investment Objective

The experience of institutional investments in private equity demonstrates that enhanced rates of return can be achieved compared to publicly traded securities.

Private equity investments involve the purchase of unlisted, illiquid common and preferred stock, as well as, subordinated and senior debt of companies that are, in most instances, privately held. To compensate for the illiquidity and the higher risk of the private market, the private equity allocation is expected to produce a long-term rate of return of 200 – 500 basis points above an appropriate public equity benchmark.

Investment Guidelines

Private equity investments shall be made for the sole interest of the Trust, with one of the prime objectives being to mitigate risk.

The investment guidelines need to allow for adjustments based on external factors. Such factors as; the availability of quality investment opportunities, the flow of capital into the private equity asset class, and the state of the economy and business environment.

The criteria for selection and management of assets in the private equity portfolio will focus to generate a high level of risk-adjusted return, provide for a modest amount of current income, and maintain prudent diversification of assets and specific investments.

The investment risk associated with private equity investments can be mitigated in several ways:

Institutional Quality: The Trust will strive to have private equity investments of institutional investment quality. Institutional quality is defined as an investment that would be considered acceptable by other prudent institutional investors.

Diversification: The private equity portfolio will strive to be diversified as to investment strategy, size and life cycle of investment, industry sector, general partner group, and geographical location. Commitments and funding should take place over time, adding to the diversification of the portfolio.

Eligible Investment Strategy Diversification: The following private equity strategies and investment types will be considered eligible for the Trust's portfolio.

i. Later-Stage: Investments in more mature companies (e.g., with developed products, revenues, and in many instances profitable) to provide funding for growth and expansion.
ii. Buyouts/Acquisition: Partnerships which provide funding to acquire majority or controlling interests in a business or product lines from either a public or private company. These partnerships are generally diversified by industry and other relevant measures. Buyout partnership company size ranges from very large to small-market.
iii. Special Situations: Partnerships with private corporate finance investment strategies that do not fall under the prior two categories

Geographical Diversification: Although the priority of the portfolio should be to achieve diversification by investment strategy and industry groups, geographical diversification is also desirable. Over the long-term, the portfolio should seek portfolio diversification with regard to major regional areas both within the Yukon and outside of the Yukon.

Industry Sector Diversification: The portfolio will strive to be diversified by industry sector.

Time Diversification: The trust will strive to make commitments to partnership investments that are staged over time. It is anticipated that the Trust would commit to private equity over multiple years, thereby dollar cost averaging over a business cycle. The Trust will establish a funding allocation each year in conjunction with its annual review of its asset allocation policy and allocation target to private equity.

General Partner Diversification: The trust will strive to be diversified by general partner or issuer of limited partnership securities.

The Trust will monitor progress and results through a quarterly oversight measurement report.

Consistent with industry practice, performance shall be calculated using the internal rate-of-return (IRR) methodology.

Purpose: When the economy is performing well, public and private companies are generally producing profits and passing those profits to investors via interest payments on debt, dividends or through higher stock price. Investing in these corporations allows the trust to benefit in times of economic growth.

Return Goal: appropriate public equity benchmark plus 200-500 basis points.

Components: Private ownership of businesses

Risk Considerations (only a sample of the risks to consider)

Interest rate risk Credit spread risk Liquidity risk

Equity risk Bankruptcy risk Refinancing risk Regional risk

Oversight of Real Assets

The THT does not have a dedicated investment manager for its real assets such as private equity and real estate holdings and as such it must rely on reporting provided both through its directors on these corporate boards and reporting provided to shareholders (THT) by these private corporations. As the oversight duties of trustees are a primary duty, the THT has outlined guidelines for reporting for oversight and direction to appointed THT directors to these privately held corporations. These guidelines are outlined below in addition to a THT Directors Check List found in Appendix B of this document. The THT will make available resources to appointed directors to fulfill these reporting requirements as needed.

Trustees will review a quarterly update on each privately held investment, to be provided by the director appointed by the trust. The report will include, but not be limited to:

1. A short summary activity report for each corporation outlining significant corporate developments, both negative and positive.
2. An outline of any concerns or issues that could negatively affect the THT investment.
3. A report on key financial ratios for the corporation and analysis of trends of these ratios.
4. An update of the strategic direction and business plan progression.
5. A review of semi-annual and annual financial statements

THT appointed Corporate Directors and Chair of Chief Issac Corporation

Roles and Responsibilities

The TH Trust has a mandate to increase wealth and minimize risk when seeking a return on investment for all trust property and as such believes in good governance practices that best align the interests of management and those of shareholders are best suited to the TH Trust investments. The TH Trust believes that good governance is an important contributor to long term financial performance and the reduction of investment risk.

Corporate Directors are accountable to the TH Trust for ongoing reporting to the THT.

The TH Trust holds significant private investments outside of the public markets. The over sight of these investments are critical to the TH beneficiaries. Where these privately held investments have a director or Chair of a Board (CII) which is appointed or hired by the TH Trust there is a need to rely on these agents, as part of their role, to aid in, directing strategy, monitoring performance, controlling risk and generally "do the right thing" for the TH Trust investment. As the THT believes that "The essence of investment management is the management of risks, not the management of returns", it must strive to ensure that corporations in which it holds shares and ownership have a solid risk management framework for all operations and will look to its appointed directors to strive to ensure that senior management of these entities have methodologies in place for the identification, reporting, and mitigating of risk in the organization for these trust investments.

The following shall apply to these appointed positions of the TH Trust;

Ensure that directors have integrity, competence, knowledge, business experience and the desire to carry out their fiduciary duties in the best interests of the shareholder and company. The TH trust believes that the above attributes are fundamental in creating value for shareholders.

The THT recognizes that training is a cornerstone of good directorship and will work to support it in a cost effective productive manner. At a minimum, a director education program should include an initial orientation and ongoing educational programs, guidelines, formal education courses, in-house sessions and conferences. Director education program can be provided at either the trust or corporate level.

A director's term shall be for a three (3) year term. Directors who miss two (2) consecutive meetings without a reasonable excuse may be removed by the TH Trust.

Directors are expected to arrange and conduct their private affairs so as to avoid a conflict of interest with their position(s) held.

Directors shall receive an honorarium for meeting participation.

Appendix B contains oversight guidelines for appointed THT positions.

Evaluation of New Private Investments

As well as falling within the stated asset allocation and risk ranges outlined in Table 11a and meeting the criteria outlined for investment type, for example private equity criteria, any new private investments will not be considered by the THT until such time, at a minimum, the following have been met and presented to the Trust.

1. A summary of the due diligence performed on the investment by an independent qualified professional with relevant knowledge. The THT will develop a due diligence check list to aid in

this process. This check list will be used in addition to the criteria and guidelines of the professional performing the due diligence.

2. A summary of the investment rational for the THT outlining expected returns and risks.
3. An evaluation of Enterprise Risk inherent in the investment and mitigation strategies.
4. An evaluation of the drivers of risk and drivers of return for the investment and whether and investment by the THT will increase or decrease overall risk profile of the total compensation dollars.

Appendix C contains due diligence guidelines for evaluation of new private investments

12 Special Opportunity Investment Guidelines

The THT has established a Special Opportunity Asset Allocation (see Table 10a) to help fulfill its mandate as stated in the deed of settlement.

"The Trust's mandate is to preserve the Trust Property for future generations of the Tr'ondëk Hwëch'in and to receiving, holding, managing, investing, allocating and otherwise any income earned by the Trust for the purposes of promoting, funding or carrying out social, community or economic development activities of direct benefit to the Tr'ondëk Hwëch'in."

TR'ondëk Hwëch'in Traditional Territory Outreach

The THT will seek, together with compatible co-investment partners, as appropriate, investment opportunities to be included in the Trusts special opportunities portfolio if the investment opportunity has an expected risk-adjusted return comparable to other investment opportunities available to the Trust.

Trustees believe that the THT should have a TH Traditional Territory Outreach investment allocation that maintains the investment integrity of the Trust and is both proactive and impartial.

Purpose: This allocation allows the Trust to invest in special investment opportunities across asset classes and to take advantage of perceived market opportunities in the TH Traditional Territory.

Return Goal: 3 month Treasury Bills plus inflation.

Components: private debt, public debt, stocks (public and private),

Risk Considerations (only a sample of the risks to consider)

Liquidity risk Equity risk Bankruptcy risk Refinancing risk

Inflation risk Partnership risk Regional risk Counter Party risk

The THT will designate its holdings of CII to meet this allocation within the trust.

Established in 1984 and based in Dawson City Yukon, Chief Isaac Incorporated (CII) is wholly owned by the Tr'ondëk Hwëch'in Trust that was established to own and operate the business and investment interests of the Tr'ondëk Hwëch'in First Nation. Along with their Property Management /Catering Division, CII is the parent company to Mackenzie Petroleum Ltd., Han Construction Ltd., and Kluane Freightlines Ltd

13 Additional Asset Class Considerations

Public versus Private Investments

Given the THT's low demands on liquidity, there is an opportunity to earn an expected liquidity premium associated with private investments. However, due to reduced ability to rebalance asset allocation, private assets, as a percentage of total THT value, are limited.

For this guideline, private investments are defined as investments such as;

1. Private equity;

3. Private real estate; and

4. Infrastructure investments

Co-investments

Co-investments are investments the THT makes alongside general partners in private assets. Co-investments have two main advantages; first, the Trust will have a higher level of transparency, which improves the ability to assess the risk and return opportunities; second, co-investments should significantly reduce management fees. Co-investments may be implemented at the partnership level (the Trust invests in a partnership directly) or at the underlying asset level (the Trust invests in an asset held in the Trusts' partnership)

All co-investments require an independent fiduciary evaluation, prior to investment.

14 Public Market Investment Manager Guidelines

Performance Measurement and Evaluation

Benchmarks

In order to measure the performance of the portfolio, investment returns will be gauged against a market benchmark index. Whenever practically possible, the benchmark should be a market index that is replicable, measurable and a fair comparison to the portfolio being measured.

Time Horizon

While it is important to assess performance over longer time periods, monitoring will be done on a quarterly basis and will include year to date results to identify and respond appropriately to potential deficiencies in the strategy and structure of the Trust.

Performance Attribution

The Investment Manager will provide performance attribution, which will isolate the effect of asset allocation at a broad asset class level as well as at a sub-asset class level. Attribution allows for the measurement of the Investment Manager's decisions and shows whether the decision positively or negatively impacted the portfolio.

Compliance Reporting

The Investment Manager is required to complete and sign a compliance report each quarter and include it with the appropriate quarterly report. The compliance report should indicate whether or not the Investment Manager's portfolio was in compliance with their assigned benchmark index.

In the event that the Investment Manager is not in compliance with their benchmark index, the investment Manager is required to advise the Trust a timely manner, detailing the nature of the non-compliance and recommending an appropriate course of action to either remedy the situation.

Investment Objectives for Public Market Benchmarks

The Primary Objective is derived based on the asset allocation guidelines of the THT and expected asset class returns along with the projected Consumer Price Index. These assumptions should be reviewed annually by the Trust.

Primary Objective 4% Real Rate of Return (after fees)

The Final Objective is for Investment Counseling Firm(s) to maintain gross investment returns (before investment management fees) that place their portfolios in the top 40% of similar peer group funds over rolling 4 year periods.

Final Objective Above Median peer group performance (before fees)

In addition, the performance of individual asset classes is expected to:

•Exceed the return of their corresponding benchmark indices; and

•Rank in the top 50% of the appropriate peer group performance measurement universes over rolling 4 year periods.

Investment Counseling Firm(s) Benchmark Indices

The benchmark index is a hypothetical portfolio that indicates the return that a passive investor would earn by consistently employing the benchmark asset allocation invested in the allocations of the market indices specified for the various asset classes in the benchmark index.

Investment manager benchmark indices are set out in Appendix A.

Investment Counseling Firm(s) will be measured, in part, against their respective benchmark indices.

Reporting and Service

Investment Consultant

A quarterly report will be provided by the consultant within this time frame that shows the performance of a constructed median peer group from a recognized institutional universe. This performance data will be provided for the periods of current quarter and all years since account inception.

Investment Counseling Firm

Within 4-6 weeks of the end of each calendar quarter, the Investment Counseling Firm(s) will provide the Trust with reports detailing the following:

•A valuation at the end of the quarter, activity and transaction summary for the quarter, portfolio value relative to net contributions, book and market values;

•A commentary on the investment strategy and tactics employed over the past quarter and any notable changes from the previous quarters report;

•Account performance data for the quarter, and all yearly periods since account inception relative to benchmark indices as established in Appendix A. Investment returns will be provided for on both a Pre-fee (Before) and Post-fee (After) basis for these periods;

•Investment returns for each pooled fund or asset class over the current quarter, and each year since inception and their corresponding indices over these time periods.

•in the case of inception date calculations all calculations will be made from the inception date quarter end.

•A compliance report indicating compliance with the provisions of the IPS and explaining any instances of non-compliance with an inclusion of an outline of all investment categories not currently explicitly mentioned in this IPS;

•Information pertaining to changes to the Investment Counseling Firm(s) investment style, process, discipline, senior management personnel and/or ownership structure if any, and other philosophical, operational or organizational matters that might reasonably be expected to have a bearing on the performance or risk profile of the assets managed by the Investment Counseling Firm(s).

The Trust shall evaluate the performance, focusing on public market investment objectives and expected return and risk parameters.

The Investment Counseling Firm(s) shall be available to meet with the Trust at least semi-annually to:

•Review the transactions in the latest period and the assets held at the end of the period and explain how they relate to the strategy advocated;

•Explain the latest performance;

•Be apprised of expected cash flow requirements of the Trust and make provision for them;

•Provide an economic outlook along with a strategy under such circumstances;

•Any other relevant matters that may arise from time to time.

Should concerns arise due to failure to meet minimum acceptable standards for service and communication, the Investment Counseling Firm(s) shall be notified in writing that they are under review. The Trust will develop a specific plan with the Investment Counseling Firm(s) to rectify these service deficiencies. If these deficiencies have not been adequately resolved within four quarters the Investment Counseling Firm(s) will be considered for termination.

Custodian

The Custodian/Investment Counseling Firm(s) will provide the Trust with statements on a monthly basis. These statements will include, at a minimum, a summary and a detailed listing of assets held in the portfolio as well as a listing of transactions (including deposits, withdrawals, receipt of interest and dividends, purchases, sales, and fees paid) that occurred in the Portfolio during the reporting period.

The Custodian's reports will provide the book value and current market value of each asset held in the Portfolio and categorizes securities by issuer type, market sector and/or industry, as appropriate.

Hiring of an Investment Counseling Firm

The Trust must approve the acceptance of all new mandates and their benchmarks. Therefore, Investment Counseling Firm(s) must provide the following information for consideration by the Trust to allow it to fulfill its fiduciary responsibilities to the THT:

•The firm's history including type of ownership, current assets under management;

•Client turnover rate;

•Description of the investment process including research capabilities, criteria for buy and sell decisions and risk controls;

•Biographies for each of the investment team members including their tenure at the firm and with the intended strategy;

•Firm's fee schedule for the intended strategy.

After the Trust is satisfied that the above information is acceptable, the Investment Counseling Firm(s) must meet the following additional criteria:

After the Trust is satisfied that the above information is acceptable, the Investment Counseling Firm(s) must meet the following additional criteria:

•Exceed the return of the appropriate benchmark over 4 year periods;

•Rank in the top 50% of the appropriate peer Investment Counseling Firm(s) performance universes over rolling 4 year periods;

•The strategy's market risk, as measured by standard deviation, ranks below the market risk over rolling 4 year periods,

•Identify that the investment team currently in place is responsible for the past investment performance;

•Agree to adhere to the roles and responsibilities of Investment Counseling Firm(s) as outlined in the IPS.

Termination of an Investment Counseling Firm

The trust will consider terminating an Investment Counseling Firm(s) when one or more of the following circumstances prevail:

•The Investment Counseling Firm(s) investment performance results have been below the median performance results of the appropriate peer group and/or the appropriate market benchmark for four consecutive quarters they shall be notified in writing that they shall be placed under review. If the Investment Counseling Firm's performance related issues are not satisfactorily resolved during the subsequent three quarters the Trust will consider terminating the Investment Counseling firm. Consideration will be given to the reasons for underperformance. Similarly, if a manager is outperforming by being more speculative than the market and their peers, this will prompt a similar review.

•The Investment Counseling Firm(s) short-term underperformance is found to be a result of a change in the Investment Counseling Firm(s) investment style, process or discipline or a change in the Investment Counseling Firm(s) key investment personnel;

•There is a significant change in the risk profile of the Investment Counseling Firm(s);

•The Investment Counseling Firm(s) investment style is no longer appropriate given the PMI requirements;

•The Investment Counseling Firm(s) reporting and client service are unsatisfactory; or the Trust has concerns regarding the Investment Counseling Firm(s) ethics;

•Notwithstanding the above, the trust may consider that an Investment Counseling Firm(s) be terminated for any reason that it deems appropriate.

15 Adoption of Investment Policy Statement

The THT approves its own policy. In the process of doing this it provides for community input at its ongoing community consultations and information sessions.

Appendix A

Investment Manager Benchmark Indices

Shaunessy Investment Counselling Inc. (SIC Inc.)

Asset Class	*Minimum*	*Normal*	*Maximum*
Cash& Short Term	0	2	20
Bonds	25	33	45
Total Fixed Income	30	**35**	55
Canadian Equity	10	23	30
US Equity	10	21	30
Non-North American Equity	5	21	25
Total Equity	55	**65**	70

Benchmark Portfolio for SIC Inc.is as follows:

Benchmark	*weighting*
DEX 91 day T-Bill	2
DEX Universe Bond	33
Total Fixed Income	**35**
S&P/TSX Composite	23
S&P 500 Composite	21
MSCI EAFE	21
Total Equity	**65**

Appendix B

TH Trust Director Oversight Guidelines

Although none of the director positions for the TH Trust are public corporations, the THT strives to follow corporate governance guidelines of publicly traded companies established by the Canadian Securities Administrators (CSA) National Policy NP 58-201 for public companies. For reference these guidelines are reproduced below. For clarity, the term "board" refers to the board of the privately held investment, not the trustees of the THT.

NP 58-201 Corporate Governance Guidelines

3.4 The board should adopt a written mandate in which it explicitly acknowledges responsibility for the stewardship of the issuer, including responsibility for:

a) To the extent feasible, satisfying itself as to the integrity of the chief executive officer (CEO) and other executive officers and that the CEO and other executive officers create a culture of integrity throughout the organization;
b) Adopting a strategic planning process and approving, on at least an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the business;
c) The identification of the principal risks of the issuer's business, ensuring the implementation of appropriate systems to manage these risks;
d) Succession planning (including appointing, training, and monitoring senior management);
e) Adopting a communication policy for the issuer;
f) The issuer's internal control and management information systems; and
g) Developing the issuers approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to the issuer.

Source: CSA National Policy NP 58-201 – Effective Corporate Governance.

Board Responsibilities

NP 58-201 says "responsibility for:"

integrity	communication
strategy	Internal controls
risk	governance principles
succession	

A THT appointed director should always be asking;

What information do I have?

What other information do I need?

Where can I get that information?

What are the risks embedded in this information?

How should I use this information to make a decision?

A THT appointed director should always;

Be curious and willing to ask insightful questions of management that will give them a full understanding of the rewards and risks of all proposals and actions and how it will affect the long term viability of the business entity.

Have a clear understanding of the legal requirements of the role.

Be aware of the risks of business and ensure that management has adequate processes in place to monitor and to manage risk.

Disclose to the THT the corporations analysis of primary risk of the business and describe how the corporation is monitoring and mitigating the risks.

Monitor how the corporations' strategy is being implemented and measure its performance against objectives and developments that impact the corporation.

Work to ensure that "best practice" governance philosophy, policies, practice and monitoring processes are being strived for or achieved.

Monitor and evaluate the corporation's financial performance and corporate plans.

As outlined in this policy in the section, Oversight of Real Assets , Trustees will review a quarterly update on each privately held investment, to be provided by the appointed THT director. The report will include, but not be limited to:

6. A short summary activity report for each corporation outlining significant corporate developments, both negative and positive.
7. An outline of any concerns or issues that could negatively affect the THT investment.
8. A report on key financial ratios for the corporation and analysis of trends of these ratios.
9. An update of the strategic direction and business plan progression.
10. A review of semi-annual and annual financial statements.

Appendix C

Real Assets Due Diligence Investment Checklist

This list is provided as a guideline and is in no way to be considered to be the full course of due diligence steps, but is provided as a starting guideline in such a process. A complete package for investment consideration should be provided to the trust which covers the items identified before the trust considers the investment.

1. Corporate Profile

History of the Business
List of Shareholders
Financial Statements for 3 years & current interim financials
Details on previous funding and lending practices of entity
Organizational Chart
List of directors and relevant experience
Consultant's report with details of site visits
Complete business plan prepared by a competent person in preparing business plans
If is a partnership or joint venture, ensure a copy of the agreement is on file

2. Management Assessment

Resumes on file of all key managers
Report by third party to verify management expertise strengths & weakness, complementarity and depth of management, motivations and ambitions
Review by an accounting entity certifying that an adequate financial accounting and control system is in place

3. Market Assessment

Outline of products and services, quality and reputation in the market
Client Assessment: who buys the services, quality of clients and stability of the relationship
List of major clients and assessment of the relationship
Overview of sales distribution channels
Analysis of targeted market (market share, barriers, trends, economic trends)
Analysis of competitive environment and Industry (number of players, competitive strengths, maturity, price)
Is there a marketing plan in place to meet the business plan?
How is the marketing plan different than the competition?
Third party review of the market analysis and marketing plan.

4. Operations Assessment

Operational review by qualified third party to review, facilities, suppliers, distribution, human resources, environmental policy and compliance, management information systems
Third party analysis of competitive edge.

5. Cost & Financing Assessment

Independent business valuation and/or appraisal supporting investment
If project financing includes cash from operations, verification of cash flow available
Negotiation of favourable financing

6. Financial Analysis

Historical and current results, independent analysis by qualified consultant of audited financial statements for three years, interim financial statements
Financial projections that are prepared by a qualified person that support the assumptions made in the business and marketing plans and other assumptions within these plans.
An independent opinion from a qualified professional of the pro-formas on a comparative basis within the last few years and according to the business plan and an analysis of the plan within industry norms
An independent assessment by a qualified person of the company's financial strength using ratio analysis, earning capacity and other relevant financial indicators

7. Investment

Summary of investment objectives, costs, advantages and disadvantages
Review details of investment conditions
Assessment of risk inherent in the investment and the drivers of risk and return for the investment
Consideration if the investment will increase or decrease risk with the overall trust investment portfolio
Consider options for resale as well as projected returns for various scenarios
Consider ownership structure following the investment and the pros and cons of any structure

8. Summary Review

Summary of identified strengths and weakness found in the due diligence process and a methodology to address weakness and capitalize on strengths
Identify and consider opportunities and threats
Identify and outline methods to mitigate and monitor all risks identified

Appendix D

Quarterly Review of Private Equity Guidelines

Each quarter pertinent financial and operational results will be assembled in a concise format for presentation to the trustees. The key areas of focus will be:

- Activities and key developments
- Key issues that could affect THT investment-risks
- Comment on key ratios and trends
- Update on strategic direction and business
- Review of semi-annual/annual financial statements

In the case of private equity investments, the appointed TH Director will be responsible for reporting data and information to the person with the duty to assemble the results. For Chief Isaac Inc. the Executive Director would be responsible for providing the results.

The financial ratios proposed for review are:

- Operating Profit (EBIT) margin
- Current Ratio
- Return on Equity
- Debt to Equity

FINANCIAL RATIOS DEFINITIONS

Use these ratios to gauge your solvency, liquidity, operational efficiency and profitability. They are also useful measures to compare your business with others in your industry.

Profitability Ratio

Operating profit (EBIT) margin Formula: Operating income/Sales

This ratio measures your profitability based on your earnings before interest and tax (EBIT). This measure is used to gauge the efficiency of the business before taking any financing means into account (such as debt financing and tax considerations). This ratio is often used to compare the operating efficiency between similar businesses.

Liquidity Ratio

Current ratio Formula:Current assets/Current liabilities

Your current ratio helps you determine if you have enough working capital to meet your short term financial obligations. A general rule of thumb is to have a current ratio of 2.0. Although this will vary by business and industry, a number above two may indicate a poor use of capital. A current ratio under two may indicate an inability to pay current financial obligations with a measure of safety.

Operating Ratio

Return on equity Formula: Net income/Net worth at beginning of period

Return On Equity is often used to determine if a company consumes cash or creates assets. Return On Equity can also help you evaluate trends in a business. And ROE can also be used to compare the performance between companies in the same industry.

Solvency Ratio

Debt to worth ratio Formula:Total liabilities/Net worth

Also called the leverage ratio, it is used to help describe how much debt is used to finance the business. While some debt may be prudent, depending on too much debt financing can increase risk.