



**PEGUIS FIRST NATION
TREATY LAND ENTITLEMENT TRUST**

2012 TRUST ADMINISTRATION



FINANCIAL TRUSTEES

SHARON STEVENSON, STEPHAN DANIELS, ANNETTE SPENCE, DIANE BEAR,
CARRIE (SHERRY) SUTHERLAND AND ROYAL TRUST CORPORATION OF CANADA

AND

COMMUNITY FUND TRUSTEES

RALPH SUTHERLAND, LLOYD SINCLAIR, BARRY BEAR, FREDA BEAR,

May 11, 2013

**PEGUIS FIRST NATION TRUST
ANNUAL TRUST REPORT FOR THE PERIOD
JANUARY 1, 2012 TO DECEMBER 31, 2012**

Trust Mission Statement

As financial caretakers of the Peguis First Nation Trust, the Trustees are responsible for managing the safety, income and growth of Trust assets for the use of current and future generations of the Peguis community. To promote harmony, nurture pride in our heritage and to establish a legacy for all...

Gakina Denaawemaaganag (All my relations...)

Background

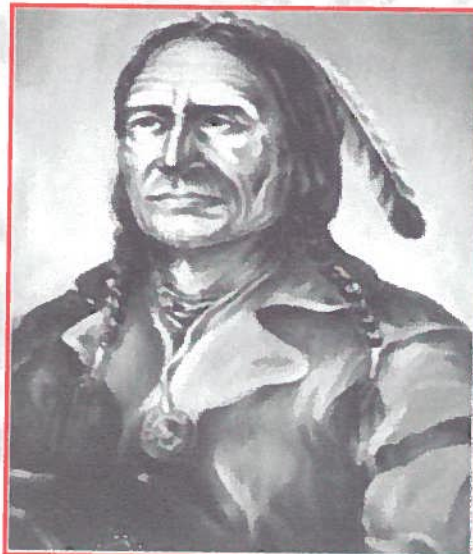
The Peguis First Nation entered into the Peguis First Nation Treaty Entitlement Agreement with Canada and the Province of Manitoba, thus securing its long outstanding right to additional land for Reserve under the terms of Treaty 1.

Under the Treaty Entitlement Agreement, Peguis First Nation is entitled to select and acquire up to 166,794 acres of additional land as Reserve. To fulfil its obligations, Canada agreed to pay Peguis First Nation the sum of \$64,425,000.00 which included: contributions made by Canada towards Negotiations Costs; compensation for costs incurred by Peguis First Nation in undertaking and completing the Community Approval Process; and costs incurred or anticipated to be incurred by Peguis First Nation in completing the Land Selection Study.

Under the terms of the Treaty Entitlement Agreement, Peguis First Nation agreed to create the Peguis First Nation Trust to use, manage and administer the Settlement Funds received from Canada.

By Ratification Vote held on September 7, 2007, the majority of Members of Peguis First Nation approved the Peguis First Nation Trust Agreement, which was later signed on May 12th, 2008.

On May 28, 2008, \$61,397,215.00 was deposited to the Peguis First Nation Trust, of which \$56,397,215.00 was transferred to the Implementation Account and \$5,000,000.00 to the Community Fund Account.



Chief Peguis

The Peguis First Nation Trust Trustees

There are two sets of Trustees for the Peguis First Nation Trust – the Financial Trustees and the Community Fund Trustees.

The Financial Trustees

The Financial Trustees are responsible for the financial administration of the Peguis First Nation Trust, including the Implementation Account and the Community Fund Account. Under the terms of the Trust Agreement, the Financial Trustees can engage professional financial management services to assist them in performing their duties. The Financial Trustees distribute the Trust Property in accordance with the Funding Directions issued by Council or the Community Fund Trustees, as the case may be.

In 2012, the Financial Trustees for the Peguis First Nation Trust were Stephen Daniels (Chair), Sharon Stevenson, Annette Spence, Diane Bear, Carrie Sutherland (Sherry) and Royal Trust Corporation of Canada. Under the terms of the Trust Agreement at least one (1) Peguis Financial Trustee must be located off Reserve. In 2012, Annette Spence was the off Reserve Financial Trustee.

Under the terms of the Trust Agreement, a seventh (7th) Financial Trustee is to be appointed by Council who must be a chartered accountant. Council is currently in the process of finding a suitable chartered accountant to act as Trustee.



Diane R. Bear Sharon Stevenson Stephen Daniels Sherry Sutherland Annette Spence-Meeches

The Community Fund Trustees

The Community Fund Trustees are responsible for identifying, determining or recommending to Council or to Council and the Members “Expenditures Beneficial to Peguis First Nation” under the terms of the Trust Agreement. The Community Fund Trustees have no responsibility for the financial administration of the Trust.

In 2012, the Community Fund Trustees for the Peguis First Nation Trust were Lloyd Sinclair (Chair), Barry Bear, Freda Bear and Ralph Sutherland. Under the terms of the Trust Agreement, one Community Fund Trustee must be located off Reserve and there remains a vacancy for this position.



Barry Bear, Freda Bear, Lloyd Sinclair, Ralph Sutherland

Reporting

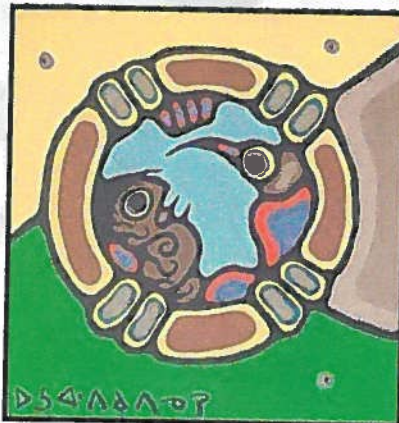
Each year, the Trustees are required to provide the Chief and Council of Peguis First Nation with financial statements for the Trust, as well as, a report on the administration of the Trust. The report describes the income and expenditures of the Trust, the activities of the Trustees, as well as, reports on the investments for the Trust.

For 2012, the Financial Trustees appointed BDO Canada, LLP as the Auditor for the Trust. Attached hereto are the financial statements for the Trust.

Upon request, any member of Peguis First Nation is entitled to receive a copy of the audited financial statements and the Trustees' Annual Report. Members need to provide verification of membership, which can be obtained from the Membership Office.

Professional Development

As a requirement of the Peguis First Nation TLE Trust, Trustees must ensure they educate themselves on the Trust Agreement and the implementation of the Trust. As the Trustees for the Peguis First Nation Trust we continue to be committed to actively pursuing opportunities to enhance our experience and expand our knowledge base to become dynamic participants in the administration of the Trust.



"Sacred Medicine Wheel" © 1975 Norval Morrisseau

Rodgers Investment Consulting 8th Aboriginal Trust and Investment Workshop 2012 provides a forum to focus on aboriginal trusts and offers an opportunity for information and insight into the administration of a Trust. This workshop also brings together community Trustees, Trust managers and industry professionals from across Canada. Workshop topics included Investment Basics, Budgeting & Reporting, and Communication strategies. Professional Development reports from the Financial Trustees are required to be completed after each workshop.

As Trustees become involved in professional development and get to know industry professionals, they also meet other Trustees and discuss Trust issues from the ground level. It is interesting to get the various opinions and ideas from the aboriginal Trusts across Canada. Discussions are held on the Corporate Trustee role, the independent Financial Advisor, the auditors and the role of the Investment Manager and their roles within the community. We have developed a network of Trustees and have gotten to know the industry professionals on a personal level. We strive to maintain a balance as we continue to pursue implementation of the TLE Trust for the benefit of the Peguis First Nation.

The TLE Trustees have also met with the Peguis First Nation Illegal Surrender Trustees to discuss a partnership and working relationship for the betterment of the Peguis First Nation. The TLE Trust office and Administrative Assistant will provide services for both Trusts. The TLE Trust have also provided the Illegal Surrender Trust with copies of the policies and procedures developed to implement and report on the Trust activities.

The Chief Peguis Investment Corporation (CIPC) had sought a member of the TLE Trust to sit on the Board and provide support to the newly developed corporation. For 2012, Stephen Daniels was selected to represent the Peguis First Nation TLE Trust.

The Implementation Account (Land Purchase)

Purpose of the Implementation Account

The Implementation Account is to be used to acquire land to be registered in the name of Peguis, discharging expenses associated with the purchase of land and other administration expenses of the Treaty Entitlement Agreement.

Authorized Uses of the Implementation Account

- To purchase for social, economic development, cultural or other purposes of interest to Peguis First Nation, including related costs
- To pay the costs of inspection, appraisal, negotiation, capital purchase, purchased transaction, holding, tax adjustment and incidental costs, including agents, representation or trustees retained to purchase or hold title to land
- To implement the Treaty Entitlement Agreement, including required staff, equipment, travel or other administration costs pertaining to the purchase of land, monitoring and Reserve creation process
- To pay reasonable fees and honoraria, as approved at a Meeting of Members, as well as financial, investment management, legal, accounting or other education which will assist the Financial Trustees in carrying out their duties and protecting the assets of the Trust

Process for Paying Implementation Costs and for the Purchase of Land

Council must provide the Trustees with a Funding Direction, which contains the following information:

For Implementation Costs:

- A description of the implementation expense
- A description of the manner in which the funds will be applied
- when and to whom the funds will be paid
- the anticipated completion date
- the amount and source of other funds received
- a description of any charges or security arrangements
- A Council Resolution approving expenditure for implementation purposes

For purchase of Land:

- A copy of the executed Offer to Purchase

- The name of the lawyer who will be completing the land acquisition and to whom the Financial Trustees will pay the funds to in order to close the purchase
- A Council Resolution approving the land purchase and Offer to Purchase

Unless and until the amount of land set apart as Reserve has been increased by 9,637 acres of land, the amount of capital in the Implementation Account can not be less than \$49,800,000.00 less the value of any Treaty Entitlement Land purchased by the Trust.

In the first 25 years, the Implementation Account has a "Floor Value" of \$25,000,000.00. No distributions, other than for the purchase of Land, can be made if such distribution should result in the value of the Implementation Account falling below \$25,000,000.00.

Peguis TLE Implementation Office

The Peguis TLE Implementation Office was opened in 2009 and the primary responsibilities of the Office are:

- To ensure the successful purchase and selection of 166,794 acres of land to be converted to Reserve Land, which includes 55,038 acres of Crown Land and 111,756 of Private Land
- To develop a Strategic Plan to purchase TLE land
- To ensure land selection and acquisition procedures and principals are met
- To monitor the conversion of land to Reserve status
- To ensure Peguis First Nation meets its responsibilities and obligations under the Treaty Land Agreement
- To provide advice and administrative support to the TLE Trust

Annual Peguis TLE Implementation Budget

Under the terms of the Trust Agreement, Council prepares an Annual Budget for the expenses relating to the implementation of the Treaty Entitlement Agreement., including required staff, equipment, travel or other administration costs pertaining to the acquisition of land, site inspections, land appraisals, general legal services, monitoring and Reserve creation process approved by the Council. For 2012, the TLE Implementation Budget was \$370,956.00.

Land Purchased In 2012

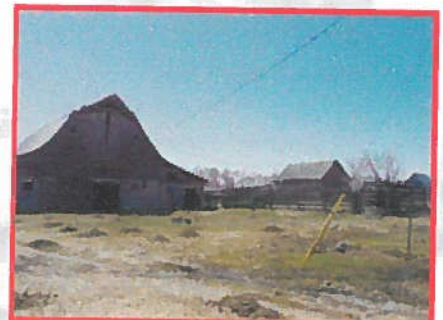
The Peguis TLE Office and the Land Selection Advisory Committee have been busy working on identifying lands for purchase. People are approaching the Peguis TLE Implementation office with potential lands opportunities for purchase. The Peguis TLE Office did look at certain lands for purchase in 2012 and Council provided the Financial Trustees with Funding Directions totaling \$1,414,899 for land purchases and related acquisition costs.



Selkirk Dry Docks



Shergold/Abas Property



Grouch Farm Property

Opening Values – January 1, 2012 (per the 2011 Financial Statements at December 31, 2011)

Cash or Cash equivalent	\$ 1,761,780.00
Bonds	\$43,085,462.00
Stocks	\$14,631,816.00
TOTAL VALUE	<u>\$59,479,058.00</u>

2012 Income and Expense Summary

Investment Income	\$2,068,315.00
Gain on disposal of investment (realized)	\$ 396,961.00
Other Gains	\$ 991.00
Unrealized Capital Gains as at December 31, 2012	\$1,185,000.00

Total Income Received **\$3,651,267.00**

Less Trustee Authorized Expenses

Royal Trust Corporation – Custody and Corporate Trustee fee	\$ 108,679.00
Peguis Financial Trustees – Honoraria	\$ 29,855.00
Peguis Financial Trustees – professional development	\$ 4,536.00
Peguis Financial Trustees and administrative staff – travel	\$ 18,207.00
Investment and Trust Consulting fees	\$ 43,136.00
Investment Managers fees	\$ 177,826.00
Professional fees	\$ 29,163.00
Peguis Trust Office expenses	\$ 16,781.00
Peguis Trust Office Administrative Assistant	\$ 9,940.00
US Withholding Tax	\$ 21,368.00
Foreign Exchange Loss	\$ 8,653.00
Foreign Withholding Taxes	\$ 8,886.00
Peguis TLE Implementation Budget	\$ 370,956.00
Land Acquisition Costs	\$1,414,899.00

Total Authorized Trustee Expenses **\$ 2,262,885.00**

Excess Income and capital appreciation over expenses **\$1,388,382.00**

We are pleased to report that all expenses and withdrawals from the Trust are in compliance with the Trust Agreement.

Closing Values as at December 31, 2012

Cash or Cash equivalent	\$ 974,855.00
Bonds	\$43,279,937.00
Stocks	\$16,982,729.00
TOTAL VALUE	<u>\$61,237,521.00</u>

The Community Fund Account

Purpose of the Community Fund Account

The Community Fund Account is to be used for the advancement of the interest of and quality of life of Peguis First Nation and its Members through the preservation, enhancement and application of Trust property.

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Authorized Uses for Community Fund Account

- To supplement or enhance health care related services
- To enhance or promote educational opportunities
- To support assistance to address the special needs of Peguis elders
- For community development and improvement initiatives including infrastructure, equipment or enhancement of recreation facilities
- To preserve the language and cultural heritage
- For Treaty Days, pow-wow and community gatherings
- To acquire, establish, or build a credit union or a bank or a trust company owned by Peguis,
- For housing
- To promote or establish business or commercial operations beneficial to the members
- For any other activity beneficial to the Peguis Community members

Process for Paying Community Fund approved Applications

Community Fund Trustees and or Council must provide the Trustee with a Funding Direction, which contains the following:

- A description of the Expenditure Beneficial to the Beneficiary for Community Purposes
- A description of the manner in which the funds will be applied
- when and to whom the funds will be paid, the anticipated completion date
- the amount and source of other funds received
- a description of any charges or security arrangements
- depending on the amount a Community Fund Trustees Ordinary Resolution, Council Resolution or Members Ordinary Resolution approving the Expenditure
- under the discretion of the community fund trustees, all business application or recurring funding request may require a police check, credit bureau, drug test and personal character reference for all individuals identified on the application

Community Fund Approval Authorities

All funding applications are reviewed and discussed by the Community Fund Trustees or a review committee thereof. As per the terms of the Trust Agreement, the following approval authorities are required to approve:

- Applications for funding up to \$50,000 may be approved by the Community Fund Trustees
- Applications for funding over \$50,000 and up to \$150,000 must recommended by the Community Fund Trustees and approved by Chief and Council

- Applications for funding over \$150,000 must be recommended by the Community Fund Trustees with the concurrence of Chief and Council and approved by the Members at a meeting of Members.

Important Dates Relating to the Funding Application Process:

- Applications for funding can be made up to December 31st annually.
- The Community Fund Trustees will review all qualified applications by February 28th annually.
- Any applications that must be reviewed by Chief and Council and the Members will be reviewed at a meeting of Members called by no later than April 15th annually.
- Allocation of funding amounts to successful applicants will commence starting by April 30th each year to December 31 of the same year unless written extension request with valid reason is submitted.

2012 – Expenditure Applications Approved

In 2012, the Community Fund Trustees approved the following applications, pending documentation:

<u>Name</u>	<u>Amount</u>	<u>Purpose and Remark</u>
Peguis Training and Resource Facility Working Group	\$21,852.00	Training & Resource Centre
Clifford Maytawashing Memorial Square Dancing Group	\$ 500.00	Shoes & Outfits
Sheena Walker	\$10,000.00	Expand Clothing Store
Parental & Community Engagement Programs Elders Group	\$12,000.00	PCS Elders Program
Kewatino Beneshi Matotowin	\$ 500.00	Annual Sundance Ceremony
Maurice Bear	\$15,000.00	Private Business, Small Excavation
Melvin Bear	\$10,000.00	Private Business Specialized Development
Peguis Senior Centre	\$ 2,500.00	Annual Elders Christmas Dinner
Roland Sinclair	\$21,000.00	Private Business – Fishing
Ronald Sinclair	\$20,000.00	Private Business – Fishing
PCS Fashion Show	\$ 2,500.00	PCS Fashion Show
Peguis Community Garden	<u>\$ 2,500.00</u>	Community Garden Project
TOTAL	<u>\$118,352.00</u>	

As these distributions were all less than \$50,000 Council approval was not required.
Total Grants Approved to Date amount to \$266,156.

Handbook and Guidelines for Funding Applications Amendments

Amendments to the Handbook & Guidelines for Funding were completed ending July 2012

Application Workshops

- TLE Community Fund Trustees held a workshops and information session on the Handbook and Guidelines for Funding Applications on October 24, 2012, at the Peguis Trust.
- Drafted and adopt a Business Plan Template, Business Plan Outline, Proposal Writing Template and Proposal Writing Outline as resource tools for applicants.
- Lloyd Sinclair, Chair attended a workshop at the school for post secondary administrative students attended by 9 participants in November 2, 2012.

Off-Reserve Community Fund Trustee

- Resignation of Yvonne Houle, off-reserve community fund trustee was accepted by Chief & Council. There is a forthcoming election process to be called by Chief & Council to fill this position.

Community Fund Trustee Professional Development

- Community Fund Trustees sent two (2) delegates Freda Bear and Barry Bear to the Rogers Trust Workshop in Vancouver, B.C for professional development

Peguis TLE Community Fund Trustees want to ensure that we value your input and support youth committees and young entrepreneurs. We would like to thank all applicants for submitting applications and look forward to reviewing future endeavours.

Opening Values – January 1, 2012 (per the 2011 Financial Statements at December 31, 2011)

Cash	\$ 63,053.00
Bonds	\$2,509,677.00
Stocks	\$2,509,356.00
TOTAL VALUE	<u>\$5,082,086.00</u>

2012 Income and Expense Summary

Investment Income	\$ 174,730.00
Gain on Disposal of Investment – realized	\$ 49,508.00
Unrealised gain on adjustment of investments	\$ 206,591.00
Other gains	\$ 74.00
Total Income Received	<u>\$ 430,903.00</u>

Less Trustee Authorized Expenses

Royal Trust Corporation – Custody and Corporate Trustee fee	\$ 9,475.00
Peguis Community Fund Trustees – Honoraria	\$ 15,400.00
Peguis Community Fund – professional development	
Peguis Community Fund – travel for Trustees and administrative staff	\$ 1,623.00
Investment and Trust Consulting fees	\$ 3,784.00
Investment Managers fees	\$ 19,137.00
Professional Fees	\$ (720).00
Peguis Trust Office expenses	\$ 9,243.00

Salaries and Benefits	\$ 9,940.00
Community Distributions	\$ 15,803.00
Foreign Exchange Loss	\$ 933.00
Foreign Withholding Taxes	\$ 1,548.00
US Withholding Taxes	\$ 3,660.00

Total Authorized Trustee Expenses **\$ 89,826.00**

Excess of revenue over Expenses **\$341,077.00**

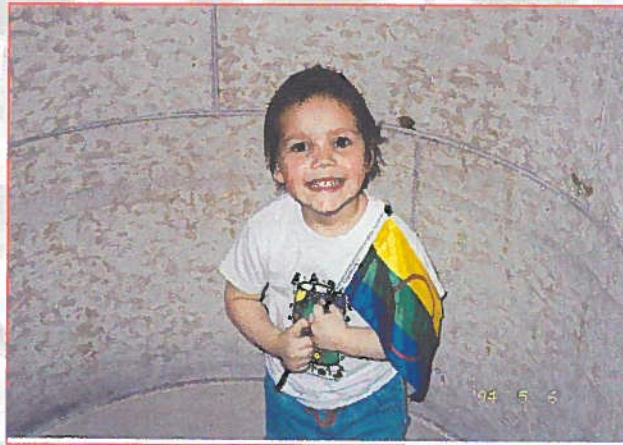
We are pleased to report that all expenses and withdrawals from the Trust are in compliance with the Trust Agreement.

Closing Values as at December 31, 2012

Cash or Cash equivalent	\$ 84,906.00
Bonds	\$ 2,510,178.00
Stocks	\$ 2,827,585.00
TOTAL VALUE	<u>\$ 5,422,669.00</u>

Comprehensive Community Planning

The TLE Trustees continued their work on the Comprehensive Community Planning (CCP) through discussion and implementation of the sector plans, such as Life-Long Education, Housing, Prosperity, Health & Wellness, Recreation, etc. as listed in the CCP Implementation Planning document. This document can be found on the Peguis First Nation website.



Anlike Stevenson-French

The CCP process also initiated the beginning of the training modules with Four Worlds Development and healing journey for many community members. Module Two, Three and Four of the four day training modules focused on the family, community and building proposals for the community. There are six modules in the Training package and sessions will continue throughout the following year. Plans are underway to incorporate a second session of the training modules for the community.

The initial training sessions have generated and ignited the spirit of many community members to share their aspiration and desire to sustain and fuel the strong community spirit of Peguis. Core groups have been developed and have begun their process of giving back to the community and building community spirit.

The CCP process also supports the departmental initiatives throughout Peguis First Nation with their development of strategic plans and collaboration among departments to benefit the community as a whole.

We are also pleased to welcome the Illegal Surrender Trustees to the Comprehensive Community Planning process and acknowledge the partnership with Aboriginal Affairs and Northern Development Canada and the First Nations Housing Market Fund towards the CCP.

As the CCP continued to develop and community members became involved and partnerships were developed, we acknowledge the work and efforts of Christine Bird (Cochrane) in her role as CCP Coordinator. Christine continued to implement the CCP training modules and work with Four Worlds Development on the implementation of the CCP. Unfortunately, Christine had resigned her position as CCP Coordinator in August 2012.

Come join us on the journey as we move forward into the future of Peguis.



Working Together – Simone McLeod

Annual Community Investment Review Summary - (for period ending December 31, 2012)

Market Commentary – “A Year in Review”

Hindsight is 20/20, especially when it comes to investing. Looking back at the year ending December 31st, who would have predicted at the height of the Euro-zone crisis that Europe would be the best performing developed equity market, up 17.33%. Was anyone calling for the US capital markets, mired in a slowing economy and facing the so-called “fiscal cliff”, to outperform the Canadian stock market by nearly a two-to-one margin?

Bond returns over the last year were perhaps the least surprising as lower returns from bonds have been expected for some time now, up just 3.6%. This is the lowest return we have seen from bonds in more than a decade, yet fixed-income investments will remain an important component of most portfolios as a means

of creating some added stability and curbing the effects of stock market volatility.

The takeaway for investors in 2012 was that equity markets rewarded the traditional tenets of a long-term investment strategy – patience, discipline and diversification. No one knows what lesson 2013 will bring for investors as uncertainty will always be with us and markets will remain unpredictable. But, as the market experience of 2012 illustrated, there remains tremendous value in having a well-diversified portfolio.

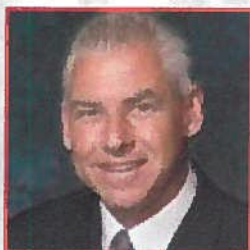
The Peguis TLE Trust

Despite the macroeconomic issues that investors faced during 2012, we are pleased to report that the combined holdings of the Peguis TLE Trust provided a solid 6.03% return for the year (up \$3,712,356) ending December 31, 2012 and continues to provided 5.81% return (up \$7,458,031) since the inception of the Trust (per performance charts below).

On a relative basis, the Trust performance has outpaced the market return for the year and since inception by 0.66% and 0.43%, respectively. Of equal importance, the Peguis TLE Trust is outperforming the Trust's return objective of 5.5% by over 0.30% since inception.

By Manager, we are pleased to note that the Trust's active Investment Managers, being Beutel Goodman and Mawer Investment Management, continue to outperform the policy benchmark return since inception which has directly contributed to the Trust's solid performance. The TD Bond Index Fund remains in line with the DEX Bond Universe as is expected given the passive nature of this fund.

Despite the fact the Trust's bond performance of 3.70% outperformed the market for the year, the historically low interest rate environment that investors face has created a challenge for the Trust given the requirement to hold upwards of 70% in bonds. In this regard it is pleasing to note that the manager's provided strong absolute equity returns over the year in Canadian equity (13.07%), U.S. equity (11.68%) and International equity (14.87%) which helped offset the lower bond returns provided by the market.



Jack Jamieson, TE Wealth



Steven Smith, Beutel Goodman



Greg Peterson, Mawer

We provide the following charts as further support to the annual investment review;

Asset Mix – Target versus Actual Weights -Combined Holdings

Asset Classes	Strategic Target Mix	Rebalancing Range	Actual %Weight @ Dec 31, 2012
Cash & Equivalents	5.0%	0% - 10%	4.2%
Canadian Fixed Income	67.0%	63% - 73%	69.7%
Total Fixed Income	72.0%	67% - 77%	73.9%
Canadian Equity	10.0%	5% - 15%	9.5%
Global Equity	18.0%	13% - 23%	18.5%
Total Equity	28.0%	23% - 33%	26.1%

Combined Holdings - Rates of Return Summary as at December 31, 2012

Asset Classes	Peguis TLE Trust 1 Year Return Ending Dec 2012	1 Year Benchmark Return	Peguis TLE Trust Inception Return	1 Year Benchmark Return
Canadian Fixed Income	+ 3.70%	+ 3.60%	+5.32%	+5.50%
Canadian Equity	+ 13.07%	+ 7.18%	+8.43%	+3.09%
US Equity	+ 11.68%	+ 13.48%	+10.46%	+11.11%
International Equity	+ 14.87%	+ 14.79%	+3.56%	+2.69%
Total Trust Return	+ 6.30%	+ 5.64%	5.81%	+5.38%

Community Fund - Investment Manager Performance as at December 31, 2012

Investment Manager	1 Year Return Ending Dec 2012	1 Year Benchmark Return	Inception Return	Inception Benchmark Return
Beutel Goodman	+9.42%	+7.37%	+6.37%	+5.43%
Mawer	+7.45%	+7.37%	+5.95%	+5.43%
Overall Combined	+8.44%	+7.37%	+6.16%	+5.43%

Implementation Fund - Investment Manager Performance as at December 31, 2012

Investment Manager	1 Year Return Ending Dec 2012	1 Year Benchmark Return	Inception Return	Inception Benchmark Return
Beutel Goodman	+8.43%	+6.54%	+6.12%	+5.43%
Mawer	+6.43%	+6.54%	+5.77%	+5.43%
TD Bond Index Fund	+3.43%	+3.60%	+5.41%	+5.50%
Overall Combined	+6.11%	+5.50%	+5.78%	+5.39%

Combined Holdings- Valuation Summary for 12 Months ending Dec. 31, 2012

	Implementation Fund	Community Fund	Combined Holdings
Beginning Valuation	\$60,394,065	\$5,192,502	\$65,586,567
Net Transfers	-\$ 1,916,034	-\$ 73,427	- \$ 1,989,462
Appreciation	+\$ 3,299,407	+\$ 412,948	+ \$ 3,712,356
Valuation @ Dec 31/12	\$ 61,777,438	\$ 5,532,023	\$67,309,461

Combined Holdings - Valuation Summary since Inception (Q3/10) as at Dec.31, 2012

	Implementation Fund	Community Fund	Combined Holdings
Beginning Valuation	\$56,728,979	\$5,025,577	\$61,755,556
Net Transfers	-\$ 3,002,228	-\$ 294,847	-\$ 3,297,075
Appreciation	\$ 8,050,687	\$ 800,292	\$ 8,850,979
Valuation @ Dec 31/12	\$ 61,777,438	\$ 5,532,023	\$67,309,461

**Valuations may differ slightly to other financial reporting as a result of differences in accrual rates and foreign exchange conversion rates.

In Closing

We are pleased to report that each of the Investment Managers and the Trust as a whole remain in compliance with the Statement of Investment Policies and Guidelines as of December 31, 2012 and are providing absolute and relative performance that exceeds expectations and the goals and objectives of the Trust .

T.E. Investment Counsel will continue to apply a due diligent process in the monitoring of the managers and will advise the Peguis First Nation Trustees on an ongoing basis as to the manager's status relative to expectations. We continue to recommend the employment of Mawer Investment Management, Beutel Goodman Investment Counsel and the TD bond index fund for the investment management of the portfolios of the Peguis First Nation (TLE) Trust.

For further information or clarification, please contact:

Jack Jamieson, T.E. Investment Counsel Inc., 20 Erb Street West, Suite 501, Waterloo, Ontario, (B) 519-888-0537, Email: jjamieson@teic.com



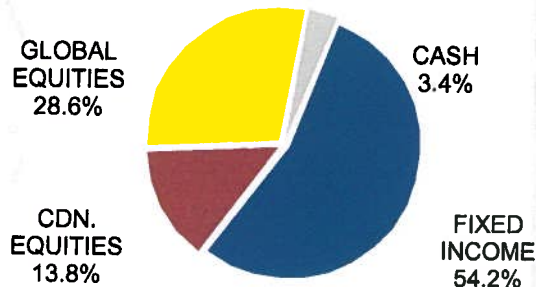
Shannelle Thompson

Respectfully Submitted
Steven Smith, CFA
Vice President

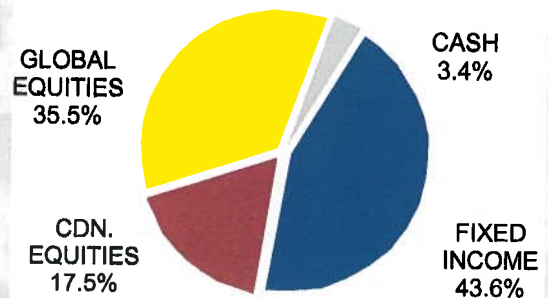
PEGUIS FIRST NATION TLE TRUST

Community Investment Summary
To March 31, 2013

IMPLEMENTATION FUND ASSET MIX



COMMUNITY FUND ASSET MIX



TOP EQUITY HOLDINGS



Bank of Nova Scotia
Royal Bank of Canada
TD Bank
Great-West Life
Bank of Montreal



Covidien
I.B.M.
United Technologies
Comcast
CVS Caremark



Kingfisher
ENI
Boart Longyear
Takata Corp.
Honda Motor Co.

PORTFOLIO AND MARKET SUMMARY

- Global Economic Growth slowed but still positive, U.S. and Canadian economy growing slowly
- Developing World Growth (China, India, Brazil etc.) slowing but still positive
- European Economy very fragile but we expect a mild rather than a deep recession
- U.S. Housing Market seems to be recovering & Employment & Consumer Finances have improved
- Stock and Bond markets have been positive year to date but volatility remains
- The Peguis Trust portfolios are invested in compliance with the Investment Policy
- The Peguis Trust portfolios continue to be positioned to provide income for today's requirements and to preserve & grow capital for future generations

Conclusion

We are honoured to act as Trustees for the Peguis First Nation Trust and look forward to working with Council and the Community for many more years to come.

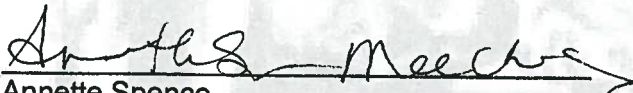
Respectfully submitted,

2012 Financial Trustees – Peguis First Nation TLE Trust

Stephen Daniels – Chair



Sharon Stevenson



Annette Spence

Diane Bear

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