

**VUNTUT GWITCHIN BUSINESS TRUST
INVESTMENT POLICY STATEMENT**

Effective June 1st, 2006

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1. OVERVIEW

- 1.1 This Investment Policy Statement (Statement) applies to the Compensation Funds settled with The Vuntut Gwitchin Business Trust (the Fund), which is managed for the benefit of the Vuntut Gwitchin First Nation. It contains investment guidelines and monitoring procedures.
- 1.2 The Vuntut Gwitchin Business Trust is managed in accordance with all applicable legal requirements, including the Vuntut Gwitchin First Nation's Final Agreement, Chapters 19 and 20, the Vuntut Gwitchin First Nation's Constitution and by-laws and in accordance with The Vuntut Gwitchin Business Trust Deed, notwithstanding any indication to the contrary which might be construed from the Statement.
- 1.3 The Fund operates on a fiscal year with the quarters ending March 31, June 30, September 30, and the year ending December 31.
- 1.4 The Fund is the property of and established for Vuntut Gwitchin First Nation beneficiaries. As such the quarterly statements showing the market value of the Fund are available for review at any time during the Vuntut Gwitchin First Nation's normal business hours by any Vuntut Gwitchin First Nation beneficiary.

2. RESPONSIBILITIES

- 2.1 The Vuntut Gwitchin First Nation Business Trustees shall have the authority and the responsibility to approve the Investment Policy Statement. The Statement shall provide the guidelines under which the Fund is invested. The Statement shall be formally reviewed, updated as necessary and approved at a Vuntut Gwitchin First Nation General Assembly every five years at a minimum.
- 2.2 The responsibility for implementation of the Investment Policy lies with the Fund's Trustees (The Investment Committee).
- 2.3 The Investment Committee shall consist of five members, all of the five being Vuntut Gwitchin beneficiaries. An ex-officio non-voting member/advisor may be retained by the Trustees to add technical strength and depth to the committee. Decisions shall be made on a consensus basis.
- 2.4 The Investment Committee shall meet at least quarterly to review the quarterly statements and discuss any changes to the general investment strategy. No meeting shall take place unless three members of the Investment Committee are in attendance.
- 2.5 The Investment Committee may retain the services of an Administrator to assist with the management of the Fund's investments. The Investment Committee may call on various professionals from time to time to act as advisors to the Fund. The Investment Committee maintains an active role with respect to the following:
 - i) Formulation of the Investment Policy Statement;
 - ii) Appointment and monitoring of the Administrator(s) and advisor(s);
 - iii) Evaluation of the Fund's performance.
- 2.6 Any person to whom the Investment Committee delegates responsibilities with respect to the investment of the Fund shall adhere to the provisions of the Investment Policy Statement.

3. CONFLICTS OF INTERESTS

- 3.1 Members of the Investment Committee, Trustees, Fund agents, Advisors, the Administrator and others whose services are retained for the investment of the Fund serve in a fiduciary capacity and are subject to the following guidelines:
- 3.2 Fiduciaries shall not knowingly permit their interests to conflict with their duties and powers with respect to the Fund.
- 3.3 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 Fund to impair their ability to render unbiased advice or make unbiased decisions affecting the Fund.
- 3.4 A fiduciary that wishes to make a recommendation or take action with respect to the investment of the Fund must disclose actual or perceived conflicts of interests in writing as soon as possible along with all relevant details to the Committee.
- 3.5 While all circumstances giving rise to possible conflicts of interests cannot be identified, fiduciaries shall disclose, among other things:
 - i) Material beneficial ownership of investments, which the Fund may be considering buying, or divesting;
 - ii) Compensation received from any persons or corporations other than one's employer and, in particular, from the issuer or vendor of securities which the Fund owns or may be considering buying.
 - iii) When they are an employee or agent of the Investment Counselor.
 - iv) Consideration paid or granted to others for making a particular recommendation relating to the investment of the Fund;
- 3.6 Investment Counselors providing services to the fund shall comply with the Code of Ethics and Standards of Professional conduct adopted by the Institute of Chartered Financial Analysts or the Association of Investment Management and Research (AIMR).
- 3.7 All investment transactions will be conducted in accordance with the laws of Canada and the Yukon Territory.

- 3.8 Should the Investment Committee be unable to determine if a conflict of interests exists, they shall refer the matter to the Protector. If the Protector is 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 public meeting shall be called in Old Crow after two weeks notice. At any time in the procedure, the Investment Committee may call upon an independent third party to provide advice on the matter.

4. FUND OBJECTIVES

- 4.1 The primary objective of the Fund is to provide funding assistance for economic development opportunities sourced by the Vuntut Gwitchin Limited Partnership (VGLP) and to allow the VGLP to perform its responsibilities. The goal is to ensure a healthy, unified and self-reliant people of the First Nation while conserving and enhancing our environment and culture.
- 4.2 A secondary objective of the Fund is to optimize returns taking into account applicable Investment Policy Statement guidelines.
- 4.3 The Financial objectives of the Fund are:
 - a) Safety of principal.
 - b) Liquidity: access to the funds when required for project investments
 - c) Minimize risk through diversification
- 4.4 It is the desire of the Vuntut Gwitchin First Nation that the Fund be managed in perpetuity.

5. ASSET ALLOCATION

5.1 The Fund's target asset allocation is the following:

<u>Asset Class</u>	<u>Market Value of Fund</u>
Short-term securities	100%

Should the asset allocation stand outside of the limit, the Investment Committee shall be advised by the Administrator and action will be taken to correct the situation as soon as possible taking into account the best interests of the Fund.

For more certainty, Short-term securities include cash and fixed income securities having a maturity of less than one year.

6. FUND INVESTMENTS

6.1 The Fund is strictly invested in the following asset categories:

- i) Cash;
- ii) Demand or term deposits;
- iii) Short term notes;
- iv) Treasury Bills;
- v) Bankers' acceptances;
- vi) Commercial paper;
- vii) Bonds with a term to maturity of less than 365 days;
- viii) Pooled funds invested in any or all of the above.

6.2 Fund assets shall not be used to guarantee any borrowing.

7. MONITORING

- 7.1 The Administrator shall meet with the Investment Committee at least semi-annually to:
- i) Provide information concerning new developments affecting the Administrator, its parent or affiliate(s) and its ability to provide quality services. Specifically, the Committee wishes to be advised of the re-assignment or departure of any individual(s) involved in the management or servicing of the Fund.
 - ii) 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.
 - iii) Explain the latest performance.
 - iv) Be advised of expected cash flow requirements.

The proceedings of such meetings are recorded in writing and shall be presented to the Trustees within two weeks of the meeting. The minutes shall be open to review by any Vuntut Gwitchin First Nation beneficiary. The minutes may be reviewed at the Vuntut Gwitchin First Nation office in Old Crow during normal working hours.

Should the Fund have any specific long-term liabilities established for it, an Independent evaluation should be performed every five years while any long-term liabilities exist. This evaluation will assess the ability of the Fund to meet any long term funding requirements that it may have.

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