

YUULU?IL?ATH FIRST NATION GOVERNMENT

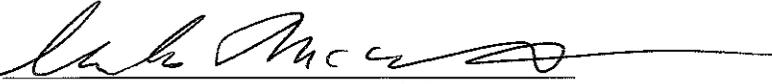
Enacted under the Financial Administration Act section 7.6(b)(i)

**STATEMENT OF INVESTMENT POLICY
AMENDING REGULATION**

YFNR 20/2013



This regulation enacted on November 12, 2013

Signed 
Charles McCarthy, President of the
Yuulu?il?ath First Nation

DEPOSITED IN THE
REGISTRY OF LAWS

ON 18 / Nov / 2013


Signature of Law Clerk

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PART 1 - INTRODUCTORY PROVISIONS

Short Title

- 1.1 This regulation may be cited as the Statement of Investment Policy Amending Regulation.

Application

- 1.2 This regulation makes amendments to the Statement of Investment Policy Regulation.

Definitions

- 1.3 In this regulation,
“Act” means the Financial Administration Act;

SCHEDULE 1 – STATEMENT OF INVESTMENT POLICY

**Investment Policy
Statement**

Implementation Funds

**Yuufu?i?ath First
Nation**

November, 2013

APPROVED on this 12th day
of November, 2013




Purpose of Investment Policy Statement (“IPS”)

The purpose of this policy statement is to provide a framework for the management of the portfolio within acceptable risk levels. The policy provides the investment manager with a written statement of rate of return objectives, risk levels, and specific quality and quantity constraints.

This Policy is based on the “prudent person portfolio approach” to ensure the prudent investment and administration of the assets. The assets will at all times be invested in accordance with the IPS as outlined herein or as subsequently amended.

1. Background

The Yuułu?if?ath (“YFN”) First Nation is one of the five Nations, collectively called the Maa-nulth Nations, that negotiated a Treaty with Canada and BC. While the Treaty provisions are extensive, this policy statement pertains to the assets to be invested for the long-term, by the YFN, which were received as part of the Treaty.

There are two distinct funds that were set up, subsequent to the assets being received, with each having different purposes and different investment objectives. **This policy pertains to the Implementation Funds.**

2. Implementation Funds

The Fiscal Financing Agreement provides funds to YFN to cover the incremental cost of governance activities to implement and operate as a self-governing Nation. Funds to cover one half of the incremental implementation costs are paid by Canada to the Nation annually.

The other half of the funds are to be generated by the Nation by investing one-time payments the Nation will receive from Canada. These funds will be paid directly to YFN and will be owned directly by its government. The Nation intends to establish an implementation fund to generate investment income on a perpetual basis sufficient to cover the other half of the incremental cost of governance activities. YFN has formed an Investment Committee to carry out the management of the implementation fund portfolio.

It is important to note that the YFN will be relying on a perpetual stream of income from the investment of the Implementation Funds to maintain the ability to cover on-going operating expenses from year to year. The investment of the funds will have to take into account the impact of inflation on the stream of future income.

Deposits will be made on an annual basis into the Implementation Funds over an 8-year period.

3. Duties of the Parties

3.1 Duties of the Investment Committee

The investment committee appointed by YFN will:

- (a) establish the IPS;
- (b) annually review, and amend the IPS if needed;
- (c) select an Investment Manager;
- (d) select, monitor, and replace, when deemed necessary, a Custodian to hold the assets;
- (e) select, monitor, and replace, when deemed necessary, an Auditor;
- (f) review the investment performance at least semi-annually;
- (g) ensure the Investment Manager's compliance with the IPS and applicable mandates or agreements;
- (h) provide information on significant cash flow changes to the Investment Manager;
- (i) review custodial statements on a quarterly basis; and
- (j) communicate with the YFN concerning liquidity needs, creating an annual budget for expected withdrawals.

The committee retains the right to replace the Investment Manager at any time. Reasons for replacement include:

- (i) the Manager's performance falling below expected performance levels, not reasonably explained by their investment style being out of favour temporarily, as measured on rolling 5-year periods,
- (ii) changes to the Manager's style or process, and
- (iii) changes to key investment personnel

For clarity, the Committee members are not responsible for any decisions with respect to any specific investment or securities that are to be selected for the fund's portfolio.

3.2 Duties of the Investment Manager

The Investment Manager will:

- (b) have full investment discretion to manage the portfolio, subject to the constraints set out in this IPS;
- (c) participate in annual reviews of the IPS;

- (d) present reviews of investment performance as well as its expectations of future returns, current strategy, and other issues requested by the Committee;
- (e) provide the Committee with written reports at least quarterly and report in person to the Committee as required, but at least annually, including:
 - (i) periodic rates of return for the portfolio,
 - (ii) how the assets were invested at the end of each quarter,
 - (iii) the voting of shares and the position of the Investment Manager on applicable issues, and
 - (iv) a statement of compliance with this IPS.
- (f) provide the necessary information for the committee to review the IPS and the Investment Manager's performance; *and*
- (g) identify provisions in the IPS that may need to be revised due to new investment strategies or changes in the capital markets.

3.3 Duties of a Professional Advisor

If the committee has retained the services of a Professional Advisor to aid in the investment management process, the Professional Advisor will:

- (a) participate with the committee and the Investment Manager in the preparation/amendment and subsequent annual reviews of the IPS;
- (b) participate with the committee and the Investment Manager in the annual reviews of the Investment Manager's expectations about future returns on asset classes and investment strategies;
- (c) comment to the committee on any matters relating to the portfolio's operation or cash flow, which may affect how the assets are invested;
- (d) provide the committee analysis of the relative performance of the Investment Manager, as compared with their peers, over various periods and applicable asset classes, at least annually.

3.4 Auditor

The implementation fund will be audited annually and the Auditor shall report to the Committee annually in a form acceptable to the Committee.

3.5 Duties of the Custodian

The Custodian will:

- (a) perform the regular duties required by law of a Custodian;
- (b) perform the duties required pursuant to agreements entered into with the committee; and
- (c) Provide the Committee with periodic portfolio printouts of all assets and transactions during the period.

3.6 Standard of Care

The investment manager is expected, as a minimum, to comply, at all times and in all respects, with the Code of Ethics and Standards of Professional Conduct of the CFA Institute.

The manager will manage the assets with the care, diligence and skill that a prudent person skilled as a professional investment manager would use. The manager will use all relevant knowledge and skill that it possesses or ought to possess as a prudent investment manager.

4. Investment & Risk Philosophy

4.1 Investment Goals and Expectations

The portfolio must generate sufficient investment income into the future to provide for the perpetual funding of a portion of the administration activities of the Nation. This income will have to meet the required amount needed in current dollars, but also in the future as the administration costs rise with inflation.

It is estimated that 3.0% of the funds are needed to cover one year's worth of the share of the administration expenses to be provided by the portfolio. In order to meet these expenses forever, the portfolio will need to earn an average return, over rolling 5-year periods, of inflation plus 3.0%.

The Committee wishes to minimize the risk, if possible, of not being able to provide the required distribution amounts over the long term. The Investment Manager is expected to make decisions with this objective in mind.

4.2 Performance Objective

The performance objective of the portfolio is to achieve a rate of return, net of investment management fees, of inflation plus three percent over moving five-year periods. Since some risk must be taken to earn this return, it is acknowledged that it will not be possible to earn the return in every single calendar year. However, the investment manager will manage the portfolio to maximize the chances of earning it over rolling 5-year periods, with low to moderate risk.

4.3 Risk Tolerance

In order to achieve the long-term goals, the fund will invest in assets that may have uncertain returns such as equities and bonds. The investment committee will look to reduce the overall level of risk by diversifying both by asset classes and by the investments within each asset class. Risk is also addressed through quality, quantity and diversification guidelines set out in this document. As a further risk control, the investment committee reviews compliance on a quarterly basis with the quality and quantity guidelines contained in this policy. Finally, the investment manager provides quarterly reports to the Board on compliance.

The specific weights for each asset class are set based on the risk tolerance of the overall fund. Risk tolerance is assessed through a detailed review of the Plan and the investment markets that considers:

- Historical and prospective risk and return of various asset classes
- Investment time horizon
- Liquidity needs
- Other unique specific factors

4.4 Permitted Investments

- (a) The fund may only be invested in the following asset categories:
 - (i) cash, term deposits, short term notes, treasury bills, bankers acceptances, commercial paper;
 - (ii) bonds and non-convertible debentures;
 - (iii) mortgages and other asset-backed securities;
 - (iv) convertible debentures;
 - (v) common and preferred stocks;
- (b) Investment in pooled funds is permissible. It is recognized that pooled funds are governed by their own investment policies, the provisions of which may diverge from those in this policy statement. The Committee, with the assistance of the investment manager, has reviewed the guidelines for pooled funds in which the portfolio is invested and determined they are appropriate investment vehicles.

4.5 Constraints

- (a) The assets shall be invested at all times in a prudently-diversified manner, in the opinion of the Committee, in the overall context of the total portfolio and the nature of the obligations.
- (b) The investment manager is expected to maintain relatively high quality portfolios. In general, equity investments should be limited to stocks that are publicly traded on a recognized securities market
- (c) Appendix A should be referred to for copies of Leith Wheeler's internal investment policy statements
- (d) All investments shall be maintained so as to comply with the following limits:
 - (i) maximum investment in a single company -- no more than 10% of the market value of the portfolio may be lent to or invested in any one company or associated companies, except where guaranteed by the Government of Canada or a Canadian province;
 - (ii) maximum ownership of the voting shares of a corporation -- shall not exceed 15%;

- (e) All investments shall be reasonably liquid (i.e. in normal circumstances they should be capable of liquidation within 1 month)
- (f) No part of the fund shall be loaned to any individual

4.6 Related Party Investments

The implementation fund assets may be involved in a transaction with a related party only to the extent permitted under applicable legislation/agreements. To the extent that applicable legislation permits related party transactions which are nominal or immaterial to the fund, a transaction shall be considered nominal or immaterial if it involves an amount equal to less than 0.1% of the market value of the fund.

5. Allocation of Investments

The Investment Manager shall have full authority, acting within the constraints detailed below, in determining the asset mix of the portfolio, including which equity, bond, mortgage, and money market securities are selected for the portfolio.

A significant factor in determining the appropriate asset allocation is the current yield available, and forward looking returns, on fixed income investments. The table below provides an estimated return for different investment options available to the fund in the current environment. These returns are subject to change based on a number of factors including interest rates, the economic environment and investor sentiment.

In order to achieve the investment goals careful consideration must be given to balancing the risk and return objectives of the fund.

Asset Class	Neutral	Minimum	Maximum
Leith Wheeler Income Fund	85%	70%	100%
Fixed Income	10%	0%	20%
Cash and Equivalents	5%	0%	10%

6. Guidelines

6.1 Additional Guidelines

These guidelines apply to:

- (a) any of the Committee;
- (b) the Investment Manager;
- (c) the professional advisor;
- (d) the Custodian; *and*
- (e) any employee or agent retained by those listed in (a) to (d) to provide services.

6.2 Conflict of Interest

Any person listed above must disclose to the Committee any direct or indirect association or material interest or involvement in aspects related to his/her role with regard to the investments that would result in any potential or actual conflict of interest.

Without limiting the generality of the foregoing, this would include material benefit from any asset held, or any significant holding, or the membership on the boards of any corporations, or any actual or proposed contracts with the issuer of any securities which are or will be included in the portfolio.

6.3 Voting Rights

Any voting rights associated with securities held will be exercised at the discretion of the Investment Manager(s) using the interests of the client as the sole voting criterion. For the portion of the assets invested in pooled funds, where it is not possible to vote shares in accordance with the wishes of individual unitholders, the Investment Manager(s) shall inform the Committee at the next meeting of any controversial or newsworthy issues regarding the voting of shares and the Investment Manager's position on such issues.

6.4 Valuation of Investments

It is expected that most securities held will have an active market and, therefore, the valuation of the securities held will be based on their market values.

GICs and other non-publicly-traded investments shall be valued at cost (i.e., book or amortized value) unless the Investment Manager or Custodian determine that a value greater or less than cost should be used. If the latter is the case, the value and reasons for such use must be disclosed to the Committee.

6.5 Investment Review Meetings

- (a) The Investment Manager will provide the Investment Committee with written reports at least quarterly and report in person to the Investment Committee as required, but at least annually. The investment policy statement shall be reviewed at the first meeting held each calendar year. Special meetings may be arranged for new developments.
- (b) The agenda of these investment review meetings will be:
 - (i) to review the investment policy statement (only at first meeting);
 - (ii) to review performance results relative to the established objectives;
 - (iii) to review economic forecasts; *and*
 - (iv) to review the asset mix of the fund.

Leith Wheeler Canadian Income Pooled Fund Investment Policy Statement

Fund Objective

To provide investors with a relatively stable source of monthly income, with some potential for long term growth through capital appreciation and growth in dividends. The Fund will invest in fixed income securities, preferred shares, mortgages and dividend paying equity securities. The Fund invests primarily in a broad range of Canadian securities and may also invest in foreign securities. The Fund will also invest in a broad range of companies and is not restricted by capitalization or industry sector although portfolio diversification is a consideration in the selection for securities for the Fund. Under normal circumstances, the Fund will keep its portfolio fully invested to the greatest extent possible.

Investments

This Fund invests in a mix of assets to provide a stable source of income. The asset mix includes fixed income securities (which are lower risk) and dividend paying equities (which provide opportunities for dividends and capital gains). As part of its fixed income allocation the Fund may also invest in mortgages. The allocation is determined by the Manager to optimize the income and balance the risk of the portfolio using the following target ranges for the asset mix:

	Minimum	Maximum
Cash & Cash Equivalents	0%	10%
Fixed Income Securities	30%	70%
Preferred Shares	0%	20%
Canadian Equities	15%	70%
Foreign Equities	0%	25%
Mortgages	0%	10%

Investment Guidelines

The Fund may be invested in any of the following investment categories in accordance with the above noted guidelines and applicable legislation:

Cash and cash equivalents

Cash, short term notes, banker's acceptances, deemed deposits, treasury bills, corporate paper, asset backed securities, or similar investments. The Fund may purchase units of Leith Wheeler Money Market Fund.

Fixed Income Investments

Bonds, debentures, mortgage loans, mortgage backed securities, medium term notes, asset-backed securities.

Preferred Shares

Preferred Shares of either Canadian or U.S. issuers.

Equity Investments

Common shares, rights, warrants, special warrants, securities convertible into common shares or units of listed Royalty Trusts, Income Trusts, Limited Investment Partnerships, REITs and other similar flow through entities. The portfolio may also invest in Pooled or Mutual Funds holding the above securities. Dow Jones Canada Select Dividend I-units or similar securities will only be used on a temporary basis under the exceptional circumstances detailed below.

Derivatives for Currency Hedging

It is anticipated that the Fund may hedge its exposure to foreign exchange risk through the use of foreign exchange contracts, options and futures.

Additional Investment Restrictions

Investment of the Fund is further limited within each of the asset classes as described below. Due to movement in market values or exceptional market conditions, short term deviations from these guidelines may occur.

Cash and Equivalents

- Investments of cash in short-term paper should be confined to obligations of the federal or provincial governments, chartered banks, trust companies, corporate credits and asset-backed securities. The minimum credit rating for all corporate paper shall be 'R1' (low) by either DBRS, Moody's, Standard & Poors, Fitch or equivalent. The Fund may purchase units of Leith Wheeler Money Market Fund.

Fixed Income Investments

- The portfolio shall be diversified appropriately, subject to the constraints listed below. All percentage limits apply to the fixed income content of the Fund. Debt quality ratings refer to the average rating of a security from the Dominion Bond Rating Service (DBRS), Standard & Poors, Moodys, Fitch or equivalent. If a rating change causes the maximum to be exceeded, the Manager should normally return the portfolio to compliance within a reasonable time frame.

- Maximum allocation based on the market value of the Fund's total fixed income holdings:

Government or Government Guaranteed	100%
Corporate	100%
Government Mortgage Backed	30%
Commercial Mortgage Backed	30%
Asset Backed	30%

- Based on bond quality ratings

Maximum allowable to 'BBB' rated	30%
Maximum 'A' (low) rated or higher to any single non government issuer	10%
Maximum below 'A' (low) rated any single non government issuer	5%
Minimum Credit Investment Grade at time of purchase	BBB (Low)
Maximum Exposure to Investment Grade private placements	15%

Preferred Shares

- Under normal conditions, the maximum position size of any single issue will be 5% of the market value of the Fund, at the time of purchase.

Canadian Equities

The portfolio may purchase units in the Leith Wheeler Canadian Dividend Fund (Dividend Fund), which has the following investment strategies and restrictions:

- All securities will be publicly traded securities with the exception of special warrants and initial public offerings which are intended to be converted into publicly traded securities within six months of time of purchase. Special warrants and initial public offerings will not, in total, comprise more than 10% of the Dividend Fund.
- All equities held in the portfolio will have paid a dividend over the last 12 months or it is anticipated they will do so over the next year. In aggregate the anticipated dividend yield on the equity portfolio will exceed the average of the S&P/TSX Composite Index.
- The Dividend Fund will normally hold between 20 and 40 stocks.

- Under normal conditions, the maximum position size of any single stock will be 8% of the market value of the Dividend Fund, at the time of purchase. To allow for the impact of market appreciation, this maximum position size could rise to as much as 10% of the market value of the Dividend Fund before the position size is reduced.
- An effort will be made to diversify among various industry sectors and companies. The Dividend Fund will own a minimum of 3 of the S&P/TSX Composite Index sectors, with a maximum holding of 60% of the Financial Sector.
- The maximum holding of any single stock within the Dividend Fund will be 10% of the total market capitalization of that particular company.
- Under normal conditions, the Dividend Fund will not invest in Dow Jones Canada Select Dividend I-units or similar securities designed to parallel dividend paying Canadian equities. However, when large cash flows or major sales of portfolio holdings result in a portfolio being “underexposed” to equities, a temporary investment in such securities may be made.
- If for any reason the Dividend Fund deviates from the above-mentioned guidelines, position sizes will be adjusted within a period of 20 trading days to bring the portfolio back into compliance.
- The Fund may also hold Canadian equities directly. The maximum position size of any single issue will be 5% of the market value of the Fund, at the time of purchase.

Foreign Equities

- All securities will be publicly traded securities with the exception of special warrants and initial public offerings which are intended to be converted into publicly traded securities within six months of time of purchase. Special warrants and initial public offerings will not, in total, comprise more than 10% of the maximum allowable foreign equity portion of the Fund.
- Under normal conditions, the maximum position size of any single stock will be 8% of the market value of the maximum allowable foreign equity portion of the Fund, at the time of purchase. To allow for the impact of market appreciation, this maximum position size could rise to as much as 10% of the market value of the maximum allowable foreign equity portion of the Fund before the position size is reduced.
- Foreign equities will be used to help diversify the sectors and companies in the total portfolio.

- The maximum holding of any single stock within the portfolio will be 10% of the total market capitalization of that particular company.
- Under normal conditions, the portfolio will not invest in securities designed to parallel foreign dividend paying equities. However, when large cash flows or major sales of portfolio holdings result in a portfolio being “underexposed” to foreign dividend paying equities, a temporary investment in such securities may be made.
- If for any reason the portfolio deviates from the above-mentioned guidelines, position sizes will be adjusted within a period of 20 trading days to bring the portfolio back into compliance.

Other Policies

Conflicts of Interest

- Leith Wheeler and its employees shall not knowingly permit their interests to conflict with their duties and powers in respect of the Fund.

Retention or Delegation of Voting Rights

- Leith Wheeler retains all voting rights with respect to individual investments in the Fund.

Reporting

- The year-end of the Fund is December 31st. The Fund will be audited annually by an external auditor who will prepare annual financial statements for the Fund.

Fixed Income Fund Policy Statement

Investment Return Objectives

- The primary return objective is to achieve, over moving four-year time periods, the annualized total return of the DEX Universe Bond Index plus 0.5%.
- The secondary return objective of the Fund is to rank, over moving four-year time periods, in the top quartile of a universe of similar funds as measured by a comparative measurement service.

Investment Guidelines

- The portfolio shall be diversified appropriately, subject to the constraints listed below. All percentage limits apply to the fixed income content of a fund. Debt quality ratings refer to the Dominion Bond Rating Service (DBRS), Standard & Poor's, Moody's, Fitch or equivalent, unless explicitly rated otherwise by the Manager. If a rating change causes the maximum to be exceeded, the Manager should normally return the portfolio to compliance within a reasonable time period.

- Normal average credit quality for the fund (market value weighted) "AA"
- Minimum credit rating by at least one rating agency at time of purchase "BBB (low)"
- Maximum exposure to securities with a credit rating less than "A (low)" 15%
- Maximum exposure to the following type of securities:

Canada	Provincial	Corporate	Municipal	Mortgage- backed	Foreign Currency Bonds
100%	60%	55%	5%	20%	10%

- Maximum exposure to a single provincial with a rating of "A (low)" or higher 25%
- Maximum exposure to a single provincial with a rating less than "A (low)" 10%
- Maximum exposure to a single corporate with a rating of "A (low)" or higher 10%
- Maximum exposure to a single corporate with a rating less than "A (low)" 5%
- Maximum exposure to investment grade private placements (Excluding Maples) 15%
- Normal deviation in duration from the benchmark Index +/- 2 years
- Maximum exposure to Maples 20%

Long Term Bond Pooled Fund Investment Policy Statement

Fund Objective

The primary return objective is to achieve, over moving four-year time periods, the annualized total return of the DEX Long Term Bond Index plus 0.5%.

Benchmark

Performance will be measured against the DEX Long Term Bond Index.

Investment Guidelines

The Fund may be invested in any of the following investment categories in accordance with the above noted guidelines and applicable legislation:

Cash

Cash, short term notes, banker's acceptances, treasury bills, corporate paper, asset backed securities, or similar investments.

Fixed Income Investments

Bonds, debentures, mortgage loans, mortgage backed securities, medium term notes, asset backed securities, and other debt-like securities.

Investment of the Fund is further limited within each of the asset classes as described below. Due to movement in market values or exceptional market conditions, short term deviations from these guidelines may occur.

Cash and Equivalents

Investments of cash in short-term paper should be confined to obligations of the federal or provincial governments, chartered banks, trust companies, corporate credits and asset backed securities. The minimum credit rating for all corporate paper shall be 'R1' (low) by the Dominion Bond Rating Service.

Currency Hedging

The fund may hedge its exposure to foreign exchange risk on foreign fixed income securities through the use of derivatives.

Derivatives

The fund may use derivatives for currency hedging purposes only.

Fixed Income Investments

- The portfolio shall be diversified appropriately, subject to the constraints listed below. All percentage limits apply to the fixed income content of the Fund. Debt quality ratings refer to the Dominion Bond Rating Service, Moody's, Standard & Poor's, Fitch or equivalent, unless explicitly rated otherwise by the Manager. If a rating change causes a constraint to be exceeded, the Manager will return the portfolio to compliance within a reasonable time.
- Deviation in duration from the DEX Long Term Bond Index +/- 2 years
- Normal average credit quality for the fund (market value weighted) "AA"
- Minimum credit rating by at least one rating agency at time of purchase "BBB (low)"
- Maximum exposure to securities with a credit rating less than "A (low)" 15%
- Maximum exposure to the following type of securities:

Canada	Provincial	Corporate	Municipal	Mortgage-backed	Foreign Currency Bonds
100%	60%	50%	5%	10%	10%

 - Maximum exposure to a single province with a rating of "A (low)" or higher 30%
 - Maximum exposure to a single province with a rating of "BBB" 15%
 - Maximum exposure to a single corporation with a rating of "A (low)" or higher 10%
 - Maximum exposure to a single corporation with a rating of "BBB" 5%
 - Maximum exposure to investment grade private placements (Excluding Maples) 15%
 - Currency forward and futures contracts used for defensive hedging strategies only
 - Currency forward contracts limited to Canadian banks with a minimum rating of "AA"
 - Maximum exposure to Maples 20%

Money Market Fund Investment Policy Statement

Investment Return Objectives

The primary return objective is to achieve, over moving four-year time periods, the annualized total return of the DEX 91 Day Treasury Bill Index plus 0.2%.

The secondary return objective is to rank, over moving four-year time periods, in the top quartile of a universe of similar funds as measured by a comparative measurement service.

Investment Guidelines

The portfolio shall be diversified appropriately, subject to the constraints listed below. All percentage limits apply to the money market content of a fund. Debt quality ratings refer to the Dominion Bond Rating Service (DBRS) or equivalent, unless explicitly rated otherwise by the Manager. If a rating change causes the maximum to be exceeded, the Manager should normally return the portfolio to compliance within 3 months.

Minimum credit rating at time of purchase for any single security: "R1(low)"

Maximum exposure to a single corporate issuer: 10%