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**VIA EMAIL – percy.crosby@gwaiitrust.com**

Percy Crosby  
Trustee, Athlii Gwaii Legacy Trust  
c/o Gwaii Trust Society  
P.O. Box 1250  
Skidegate, BC V0T 1S1  
Attention: Percy Crosby, Chairman

**VIA EMAIL – freda.davis@gwaiitrust.com**

Freda Davis  
Trustee, Athlii Gwaii Legacy Trust  
P. O. Box 594  
Masset, BC V0T 1M0

**VIA EMAIL – maureen.bailey@gwaiitrust.com**

Maureen Bailey  
Trustee, Athlii Gwaii Legacy Trust  
P.O. Box 104  
Port Clements, BC V0T 1R0

May 10, 2024

Dear Trustees:

**Re: Athlii Gwaii Legacy Trust (“AGLT” or the “Trust”)**

We write in our capacity as “Protector” pursuant to the Deed of Trust (the “Deed”) made on the 29th day of March 2007 by the Gwaii Trust Society to provide the Protector’s determination as to whether there may have been a Breach under the Deed during the Fiscal Year ended December 31, 2023 (“Fiscal 2023”). For purposes of this reporting letter, all defined terms, unless otherwise defined herein, have the meaning as set out in the Deed.

Our comments are organized under the following subject headings:

- (1) Breach Determination and Review of Reporting Material
- (2) Other Disclosure Matters
- (3) Protector Determination

**1. BREACH DETERMINATION AND REVIEW OF REPORTING MATERIAL**

Pursuant to Section 38 of the Deed, the Protector is required to determine, within ninety days of the receipt of the Financial Statements and Operations Report in each Fiscal Year, whether the Trustees are in Breach of their obligations under the Deed or Applicable Law or whether there are reasonable grounds to believe that any or all of the Trust Property has been used, with the knowledge and acquiescence of the Trustees, for one or more purposes that are other than one or more of the Purposes during the Year just ended. Following the making of this determination, the Protector is required to provide to the Trustees either a written notice that it has found no Breach or, if there are reasonable grounds to believe that there may have been a Breach, a Notice of Breach.

In considering whether there has been a Breach under the Deed, the Protector has performed a review of the Reporting Material and conducted such inquiries as deemed necessary. As a result of the Protector's review, there have been no items identified as being in Breach of the requirements set out in the Deed.

## 2. OTHER DISCLOSURE MATTERS

In considering whether there may have been a Breach, the Protector has identified and generally discussed with the Trustees the following matters:

### Strategic Plan and Funding of Eligible Projects

- As previously discussed in the most recent Protector letters to the Trustees, the Protector notes that the Trustees were to prepare, and deliver to the Protector, an interim business plan (the "Interim Plan") to substitute the Strategic Plan which, pursuant to Section 23 of the Deed, was required to have been prepared by the Trustees during the fiscal year ended December 31, 2013. The Trustees have deferred preparing the revised Strategic Plan, primarily because of their expectation that the Trust would be collapsed into the Gwaii Trust Society ("GTS").
- The Protector has been made aware, after a first reading on March 7, 2024, AGLT's Bill 8 regarding the wind up of AGLT received [Royal Assent](#) on March 14, 2024. As outlined in Bill 8, at the date of Royal Assent, the trustee's of AGLT may wind up AGLT by transferring the trust property to the Gwaii Trust Society.

### Non-Compliance with Terms of AGLT's Statement of Investment Policies and Procedures ("SIPP")

- The Protector notes at the end of the Fiscal Quarters noted below, the actual investment mix of the Trust's investment portfolio was not in compliance with the Target Asset Mix of the applicable SIPP.
- At the end of Fiscal Quarters ending March 31, June 30, and September 30, 2023, the actual percentage of the investment portfolio specific to PH&N's long-term mandate which was invested in Global Equities was below the minimum of 50% of the portfolio as set out in the applicable SIPP.
- The Protector had been informed by the Trustees of the non-compliance upon delivery of the relevant Financial Statements and noted that the non-compliance was a result of funds committed to but not yet invested in illiquid investments in mortgages, direct lending, real estate, and infrastructure equity, temporarily held in short term bonds.
- Funding the new asset classes is expected to take two years to fully complete beginning in 2023. As such, the Protector does not consider the non-compliance as a breach, as it is not unreasonable the Trust be outside the SIPP while it is in a transitional period. The Protector notes that within the 2023 SIPP, funds committed to but not yet invested in the asset classes noted above, will be held in short term bonds.

### Delivery of Quarterly Statements in respect of the Fiscal Quarter ended June 30, 2023 (the "Second Quarter Statements")

- The Second Quarter Statements were delivered to the Protector as of August 2, 2023.
- Pursuant to Section 36(a) of the Deed, the Quarterly Statements are to be provided to the Protector within thirty days of the end of such Fiscal Quarter. In this case, the due date for the submission of the Second Quarter Statements was no later than July 30, 2023.



- The delay in delivery of the Second Quarter Statements to the Protector was considered acceptable to the protector because the Trustees remained in communication with the Protector and produced the Second Quarter Statements within a reasonable period.

### 3. PROTECTOR DETERMINATION

As discussed above, the Protector has, through its review of the Reporting Material and other inquiries, identified certain items that were not in compliance with the requirements set out in the Deed. Pursuant to the requirements of the Deed, these items could technically be considered as a Breach. However, these items had either been resolved prior to the date of this letter or were considered by the Protector to be of a nature which did not constitute a reportable Breach. Therefore, the Protector does not believe that further action on its part is warranted at this time.

Accordingly, pursuant to Section 38(a) of the Deed, the Protector has found no reportable Breach for the Fiscal Year ended December 31, 2023.

Should you have any questions or concerns with respect to the foregoing, please do not hesitate to contact either Huey Lee, by phone on (604) 646 6398 or Gareth Croft, by phone on (778) 370 7382 or by email at [gcroft@kpmg.ca](mailto:gcroft@kpmg.ca).

Yours very truly,  
**KPMG Inc.**, in its  
capacity as Protector  
and not in its personal capacity

*Senior Vice President*

cc Rob Miller, Miller Titerle + Company and Carla Lutner, AGLT