

# Pasqua Legacy Trust

June 30, 2020



The Trust was amended April 1, 2019 and contains funds received from both the Pasqua First Nation 1906 Surrender Claim and Pasqua Flooding Claim Settlements.

## Value of the Trust

**The Trust's value as of June 30, 2020 was \$166,272,949.**

At the end of the previous quarter (March 31, 2020) it stood at \$158,129,246. A point to note is that your Annual Payment of \$4,189,856 was paid out of the trust on April 1, 2020 and so has been reflected in the market valuation.

## Goals and Objectives of the Legacy Trust

The Trust has a very long-term investment horizon. The investment objectives of the Fund are to:

- Protect the real value of the Fund after inflation, costs and spending. In other words, the value of the Fund needs to increase as much, if not more, than the increases in the costs of goods and services.
- Provide a stable 4% Annual Payment to the First Nation's Revenue Account.
- Using 2% as an estimate of long-term annual inflation, to satisfy both requirements an after-cost average rate of return in excess of 6% will be needed.

Average Annualised Rates of Return % at June 30, 2020	3 Months %	Year to Date %	1 Year %	2 Years %	3 Years %	Since 1 <sup>st</sup> May 2019 %
<b>Pasqua Legacy Trust</b>	9.74	6.57	10.06			7.63
<i>Trust's Benchmark Return</i>	6.93	2.29	4.83			4.87
<b><i>Value Added</i></b>	<b>+2.81</b>	<b>+4.28</b>	<b>+5.23</b>			<b>+2.76</b>

## AIC LP Comments – Q2 2020

Following one of the worst quarterly declines in stock markets in history, with the help of unprecedented monetary and fiscal stimulus actions of central banks and governments, we have now just witnessed one of the greatest quarterly rebounds in history. World stock markets (MSCI World index) rose +14.4%, the Canadian stock market (S&P/TSX index) soared +17% and Canadian bonds were up a massive +5.9%.

The investment return for the Pasqua Legacy Trust over the last 3 months was +9.74%, +6.57% year-to-date and averaged +7.63% since the May 1, 2019 inception. These all handily beat your benchmark returns of +6.9%, +2.3% and +4.9% over the same time periods.

The driver of the portfolio's remarkable returns has been the Baillie Gifford Long Term Global Growth fund which returned a stunning +38.1% last quarter, +46.7% year-to-date (when the index was down -0.7%), and +64.2% over the last 12 months.

The Pier 21 Global Value Pool had a tougher quarter relative to its benchmark (+6.3% v +14.4%) but is ahead of its index year-to-date, and only slightly behind over the last year. This is rather remarkable as growth stocks have massively outperformed value stocks. There are therefore doing very well.

	<u>Q2 2020</u>	<u>Year-To-Date 2020</u>
MSCI World Growth Index C\$	+20.2%	+12.0%
MSCI World Value Index C\$	+8.0%	-13.2%
Pier 21Global Value Pool	+6.3%	-0.2%

Leith Wheeler Dividend Canadian Equity Fund has had a tough year. After the steep market decline of Q1 2020 it has been gold mining companies and a high growth company **Shopify** that have been the strongest performers and neither of these fit into their value style approach. **Shopify** is held withing the Baillie Gifford portion of your trust as it fits in well with their philosophy.

The main reason these three firms and their strategies were recommended was that they are so different to each other (and the market indices), and that it is more important to view how the whole portfolio is doing rather than focus on one specific area when a specific style is either in or out of favour. Given time we are confident that these strategies will work well for you. See page 8 for more on this.

AIC LP still harbours shorter-term concerns over the levels of stock markets (especially in the United States) and that a meaningful pullback could occur again. We are very comfortable with your existing implantation strategy of only half of your target equities having been purchased to date with the next tranche to occur on December 31, 2020. We recommend sticking with this strategy.

## The Following Contains Comments from Your Manager Quarterly Reports

### Leith Wheeler for Canadian Dividend Equities (Value Style)

The S&P/TSX Composite quarterly return of +17% was led by strength in **Shopify** (+118.7%) and gold stocks (+50.9%). Your portfolio underperformed mainly due to having no exposure to these two expensively valued areas. Indeed, excluding the impact of Shopify and gold from the S&P/TSX Composite Index, your portfolio would have outperformed versus the index.

Not owning gold stocks hurt our relative results over the quarter. We have not owned gold companies due to their expensive valuations and poor record of capital allocation. Short term performance of these stocks tends to be driven by fear, as investors flock to the area in times of uncertainty. However, longer term these companies have proven not to be good places to invest.

**Shopify** surpassed Royal Bank as the largest company in Canada. As a potential investment though, we think Shopify has entered a realm beyond any reasonable valuation framework. However, this means there are no cash flows to shareholders for the foreseeable future. Investors seem to be pricing in a scenario where growth continues at 40-45% for 10 years uninterrupted, at which point profitability might then reward shareholders with high cash flows. There are extremely few companies that have ever achieved this kind of growth. Even if you find one, it may not be a great investment. Amazon has been one of the most spectacular growth companies of our time and yet had you bought it in December 1999, it took almost 10 years to break even.

As value investors, we tend to look for overlooked and/or misunderstood businesses where investors are being too pessimistic. Outperforming as an investor means having a different view than the market. To own Shopify now means you think the market is underestimating the potential growth and the eventual profitability of the business. Given the valuation at over 60x sales, it is very difficult to believe that its prospects are being underestimated.

**Sleep Country** (+60.5%) was among the top performers in your portfolio as sentiment improved. **Canadian Tire** rose 40.0% in the quarter, as consumer-related companies rebounded from their recent lows. Industrial company **Mullen Group** rose 77.3% in the quarter, as it provides services to the energy sector as well as trucking and logistics services which benefit from improved economic activity.

Elsewhere, the rebound in oil prices helped the oil and natural gas producers in the portfolio, including **Canadian Natural Resources** (+24.5%).

Early in the second quarter **Pembina Pipeline** and **WPT Industrial REIT** were added to the portfolio. **Pembina's** core assets include a network of oil and gas pipelines in Western Canada providing gathering, processing, storage and marketing services for customers. WPT Industrial REIT owns a portfolio of over 100 industrial properties throughout the US, and whose customers require warehouses and distribution centres to implement e-commerce or faster supply chains.

We exited our small position in **Cardinal Energy** over the second quarter due to balance sheet concerns. The swift decline in crude oil prices experienced in the first quarter limits the levers Cardinal can access to get through this downturn.

### **Pier 21 (ValueInvest Team) Global Value fund**

Heavily focused on the financial strength and quality of the companies that they purchase. The aim of their strategy is to have defensive characteristics and attractive valuations which should provide superior downside protection during negative markets.

During the second quarter, the outperformance of the portfolio in the first quarter, when the portfolio's defensive characteristics and attractive valuation provided good downside protection during the initial phase of the crisis, was to a large part eroded when the massive liquidity infusion from central banks combined with fiscal stimuli quickly pushed the stock markets to, or close to previous highs.

The underperformance of the portfolio was primarily attributable to the large exposure to Consumer Staples, even though the stock selection within Consumer Staples and Industrials contributed substantially to the portfolio's positive return during the second quarter. It was beneficial not to have any investments in Financials, Real Estate, and Utilities. This, however, was offset by a lack of investments in Information Technology.

Some of the top contributors to performance were Dutch food retailer **Ahold Delhaize** and the US based packaged foods company **General Mills**, returning +14.4% and +13.8%, respectively. **Ahold Delhaize** is one of the portfolio companies benefitting from Covid-19 with Q1 sales growing by +12%.

Two of the largest detractors from performance were the Japanese convenience store operator **Lawson** and the French telecom operator **Orange**, returning -12.3% and -4.3%, respectively.

During the quarter we added two new companies, the Swedish multinational clothing retailer **Hennes & Mauritz** and the food ingredients producer **Ingredion**. **Ingredion** refines corn and produces sweeteners and starches and is moving up the value chain, increasing the exposure to specialty ingredients with more pricing power and less risk of substitution. The positions in the following names were reduced: **Ahold Delhaize**, **Kao**,

**General Mills**, and **Pfizer**. The proceeds were reinvested in some of the laggards hard hit by the market volatility: **adidas**, **G4S**, and **Next**.

### **Baillie Gifford Long-Term Global Growth Fund**

In a recent interview with the Financial Times, portfolio manager James Anderson believes passionately that investment portfolios should be actively managed and concentrated on a small number of exceptional companies that will produce exceptional returns if held for an extended period.

Academic evidence supporting this approach is provided by an influential study by professor Hendrik Bessembinder, which found that the best-performing 4 per cent of listed US companies were responsible for the net gain made by the entire stock market between 1926 and 2016.

He is also unconcerned by the expensive valuations attached to many tech stocks. "Think of it as 'growth at unreasonable prices'. We need to be willing to pay high multiples of immediate earnings because the scale of future potential returns can be so dramatic. The valuation will turn out to be [very] low on the stocks that flourish. On the others, we will lose money," he said.

What's our outlook for the remainder of 2020? We think it's fine to concede that we just don't know. Instead, we're content to focus on the dynamics of your individual stocks. They, not the market, will drive your long-term returns.

Covid-19 may well be amplifying shifts in domains that, until recently, seemed beset by great cultural inertia. Some industries may have also experienced several years' worth of change within a couple of months. These shifts have provided a helpful near-term boost to a number of your portfolio holdings, from **Peloton** in home fitness to **Workday**, the enterprise software company but the longer-term consequences may be much more significant.

But as the legacy infrastructure rolls over, recent events have further underlined the plumbing of the future. Cloud-based networks are a case in point – they have been a vital link for companies and governments as the pandemic has played out. In the West, ever more roads lead back to **Amazon's** AWS. The National Health Service (U.K), **Zoom**, **Netflix**, the BBC, **Spotify** and millions of other companies all heavily depend on Amazon's platform. This reliance has been thrown into sharp relief recently as the AWS platform has enabled them to both scale capacity and adapt their services on the back of a sharp Covid-19 induced increase in traffic. The current growth rate and margin structure of AWS leaves it well on course to be a \$50 billion earnings stream for Amazon

in five years' time (a growth rate that will surely continue to command a multiple of at least 2x the market value, so \$2.5 trillion of market cap right there).

**Shopify** remains virtually invisible to consumers but has become the platform of choice for the brands and retailers seeking to develop an online presence. A monthly fee starting at \$29 buys a virtual shop and all the e-tools required to manage payments, inventory levels, and shipping. This holding saw a 62% surge in new stores during lockdown.

Your recent purchase, **Cloudflare**, continues in the 'infrastructure of the future' vein – providing immunity to a different kind of viral outbreak. Over 25 million internet properties currently benefit from this company's protection against cyber-incursions. But with workers increasingly dispersed from its central business networks, and large pools of government capital being digitally dispatched to businesses and individuals, the company has yet to scratch the surface of the long-term opportunity.

**Tesla**. The current market cap is around \$180 billion, but \$450 billion is not a stretch. How? Since 2012, six doublings in production have taken the company's share of the global vehicle market from 0.01% to around 0.6%. This is the point at which widespread incredulity gives way to grudging acceptance by incumbent industry goliaths or stock market analysts. As Tesla's production roadmap (spanning the US, China and Germany) becomes established, the path towards a couple more doublings and 2 million vehicles (a blend of family cars, trucks and sportscars) looks set. Yes, there will be some dilution along the way but the greater-than-2x upside feels like a central case in the medium term.

**Netflix** has spent heavily on content for its fastest growing markets in Europe, the Middle East Africa and India, so international subscriber growth is ratcheting up as a result (the total addressable population for streaming is around 14 times its current userbase, so there's no shortage of scope for upside).

**Alibaba**, meanwhile, has built a formidably adaptable ecosystem that includes assets such as Alibaba Health, the de facto health prescription processing platform in China, and Ant Financial, the sprawling Chinese financial ecosystem. Alibaba's stakes in these businesses (respectively worth \$20 billion and \$150 billion) are supplemented with chunky holdings in around 65 fascinating businesses across India, South East Asia, Europe, the Middle East and North America.

**Trip.com Group** has been sold. We have become increasingly sceptical about the probability of top line growth translating into higher margins and attractive long-term returns. The main developments informing this view have been strong competition from another of your holdings, **Meituan Dianping**.

## Summary of Investment Manager Returns - Average Annualized Rates of Return

Average Annualised % Rates of Return June 30th, 2020	3 Months	Year to Date %	1 Years	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	9 Years	10 Years
<b>Baillie Gifford LTGG Composite</b>	38.1	46.7	64.2	28.2	32.2	33.1	25.9	26.8	28.6	26.9	23.3	23.9
<b>Pier 21 Global Value Composite</b>	6.3	-0.2	5.8	6.4	7.0	7.6	9.7	11.9	12.9	15.0	13.0	12.5
<i>MSCI World Index C\$ index</i>	14.4	-0.7	7.8	7.0	9.0	11.4	9.4	11.0	13.0	14.3	12.7	13.3
<i>MSCI World Growth Index C\$</i>	20.2	12.0	22.8	15.2	16.3	16.8	13.8	15.5	16.9	17.4	15.7	16.1
<i>MSCI World Value Index C\$</i>	8.0	-13.2	-6.8	-1.4	1.6	5.8	4.8	6.4	9.0	10.9	9.6	10.4
<b>Leith Wheeler Canadian Dividend Fund</b>	11.3	-17.6	-11.7	-6.3	-1.2	3.5	3.8	2.3	5.9	6.7	6.1	
<b>Leith Wheeler Canadian Equity Fund</b>	12.7	-13.0	-6.6	-4.1	0.8	4.8	3.6	2.3	6.3	7.4	5.8	7.8
<i>S&amp;P/TSX Composite Index</i>	17.0	-7.5	-2.2	0.8	3.9	5.6	4.5	3.5	6.8	6.9	4.8	6.3
<b>Leith Wheeler Core Active Bond Fund</b>	6.5	7.1	7.8	7.6	5.4	4.3	4.5	4.8	5.0	4.5	5.0	5.1
<i>FTSE TMX Canada Universe</i>	5.9	7.5	7.9	7.6	5.3	3.9	4.2	4.5	4.6	4.0	4.6	4.6
<b>Leith Wheeler Money Market Fund</b>	0.1	0.6	1.5	1.6	1.5	1.3	1.1	1.1	1.1	1.1	1.1	1.1
<i>FTSE TMX Canada 91 Day T-Bill Index</i>	0.1	0.8	1.6	1.6	1.4	1.2	1.0	1.0	1.0	1.0	1.0	1.0

For both Baillie Gifford and Pier 21 composite performance numbers are shown as opposed to fund returns as this provides longer historical information. The two sets of returns may differ.

Following the “Summary of Investment Manager Returns – Returns By Individual Year” on the next page, the remainder of this report walks step by step through your investment structure. We begin with a description of the different entities working on your trust and what functions they perform. We then define the different types of investments and their historical return information, followed by your chosen mix of investments and implementation plan.

We then look at the long-term historical performance of your fully implemented asset mix (invested in market indices), the individual companies (equities) that each manager has invested in on your behalf, and an overview of your fixed income investments.

## Summary of Investment Manager Returns – Returns by Individual Year

Calendar Year % Rates of Return December 31, 2019	2008 (%)	2009 (%)	2010 (%)	2011 (%)	2012 (%)	2013 (%)	2014 (%)	2015 (%)	2016 (%)	2017 (%)	2018 (%)	2019 (%)
<b>Baillie Gifford LTGG Composite</b>	<b>-34.7</b>	30.6	11.4	<b>-6.0</b>	20.1	42.5	16.5	37.0	<b>-6.7</b>	45.0	8.0	28.3
<b>Pier 21 Global Value Composite</b>	<b>-7.1</b>	17.4	1.9	<b>-3.8</b>	8.0	38.9	15.9	33.8	2.7	11.0	6.3	11.4
<i>MSCI World Index C\$ index</i>	<b>-25.4</b>	11.1	6.5	<b>-2.7</b>	14.0	35.9	15.0	19.5	4.4	15.0	0.1	21.9
<i>MSCI World Growth Index C\$</i>	<b>-26.1</b>	13.7	8.9	<b>-2.8</b>	14.0	35.7	16.2	24.1	<b>-0.4</b>	20.0	2.0	27.4
<i>MSCI World Value Index C\$</i>	<b>-24.8</b>	8.4	4.0	<b>-2.6</b>	13.8	36.1	13.8	15.0	9.3	10.2	<b>-2.0</b>	16.5
<b>Leith Wheeler Canadian Dividend Fund</b>				2.5	16.0	22.8	6.9	<b>-7.2</b>	31.5	10.5	<b>-12.1</b>	20.9
<b>Leith Wheeler Canadian Equity Fund</b>	<b>-31.9</b>	29.4	17.2	<b>-4.8</b>	15.4	24.9	8.9	<b>-11.7</b>	30.7	10.1	<b>-11.4</b>	20.8
<i>S&amp;P/TSX Composite Index</i>	<b>-33.0</b>	35.1	17.6	<b>-8.7</b>	7.2	13.0	10.6	<b>-8.3</b>	21.1	9.1	<b>-8.9</b>	22.9
<b>Leith Wheeler Core Active Bond Fund</b>	6.4	10.0	9.1	10.0	4.8	<b>-0.3</b>	9.0	3.7	2.4	3.0	1.5	7.5
FTSE TMX Canada Universe		5.4	6.7	9.7	3.6	<b>-1.2</b>	8.8	3.5	1.7	2.5	1.4	6.9
<b>Leith Wheeler Money Market Fund</b>	3.4	0.7	0.7	1.0	0.9	1.0	1.0	0.7	0.6	0.8	1.6	1.8
<i>FTSE TMX Canada 91 Day T-Bill Index</i>	3.3	0.6	0.5	1.0	1.0	1.0	0.9	0.6	0.5	0.6	1.4	1.6

For both Baillie Gifford and Pier 21 composite performance numbers are shown as opposed to fund returns as this provides longer historical information. The two sets of returns may differ.

When we look at both how our individual managers and markets do each year, instead of viewing average rates of returns, it shows that in some years they do very well and in others not so well. Their long-term returns are what is the most important, but there will always be ups and downs. While Baillie Gifford's long-term returns have been spectacular, it is worth remembering that in 2008 they returned minus 34.7% when the market was down 25.4%. Pier 21's Value strategy lags Baillie Gifford, but when we look back at 2008 they only went down 7.1%. We also can observe that the returns of the Leith Wheeler Canadian Dividend Fund can vary significantly versus the S&P/TSX Composite Index.

**The lessons are not to read too much into one- or two-years performance but instead focus on the longer-term, and that returns in any given year can be very random indeed.**



## **An Overview of Your Investment Structure**

### **Safekeeping and Oversight**

**CIBC Trust** was retained to act as the Corporate Trustee of the Trust. Some of their responsibilities include:

- Physically holding all the assets of the Trust to ensure their safekeeping;
- Administering the Trust in accordance with the terms of the Trust;
- Ensure that the Trust investments are managed prudently.

### **Investing the Moneys in the Trust**

**Aboriginal Investment Consulting LP** has been retained to aid with:

- the development of the investment plan for the Trust (the Statement of Investment Policies & Procedures);
- The selection of Investment Managers to manage the day to day investments on behalf of the Trust;
- The ongoing monitoring of the Investment Managers.

### **An Introduction to your Investment Managers**

Three different Investment Management firms were hired to manage the different investment components within the Trust. Each has the day-to-day responsibility to manage the investments. This will involve deciding to purchase investments that they believe it will be advantageous to do so, and to sell investments where they have found better alternatives.

#### **Baillie Gifford for Global Equities – Growth Investment Style**

Ballie Gifford was founded in Edinburgh, Scotland, in 1908 and manages over C\$350 billion of client funds.

Their investment style is “Growth”, where they look for companies that can grow their earnings many times larger the current amount. We would expect their returns to be very high in “up markets” but would likely be less than average in “down markets”.

## **Pier 21 (ValueInvest Team) for Global Equities – Value Investment Style**

The ValueInvest Asset Management Team (part of Macquarie Group from Australia) is located in Luxembourg and specialise in managing in excess of \$5 billion of global equities.

Their investment style is “Value”, where they look for high quality companies where they feel the markets have undervalued them. We would expect their returns to hold up extremely well in down markets but could lag in very strong markets.

### **Leith Wheeler for Canadian Equities- Value Investment Style**

Leith Wheeler was founded in Vancouver, in 1982 and manages over C\$17 billion of client funds. They have been hired to manage the Trust’s investments in Canadian equities and Canadian bonds (fixed income).

They seek to invest in companies with stable earnings with a long-term business model and management team that they have a high level of comfort in. As value investors, they tend to include companies in the portfolio when they are “out of favour” by the market and have declined in price.

Their Dividend strategy provides investors with a source of monthly income, with some potential for long-term growth through capital appreciation and growth in dividends. The goal of their Canadian Equity strategy is to provide superior long-term investment returns by investing in a diversified portfolio of Canadian common shares, convertible debentures and other equity related securities.

**Personnel Changes.** Patrick Reddy, who was the Canadian Equity analyst covering the Energy and Utility sectors, has left the firm. Coverage of his sectors has been reallocated among the other members of the team. Specifically, Energy will be covered by Nick Szucs while Utilities will be covered by David Jiles. Both Nick and David have extensive experience in these sectors.

We received a call from Leith Wheeler before the public announcement to discuss this personnel change. It is a situation that we should keep our eye on, however we believe that it shows strength and clarity to make such changes if there is an area that should be improved upon.

### **Leith Wheeler for Canadian Fixed Income (Bonds)**

Leith Wheeler’s investment philosophy is a conservative approach that focuses on Value, Discipline and Diversification. Their style has led to extremely high relative longer-term returns, and with very low volatility. They have invested in over 250 different fixed income securities including bonds issued by: The Federal Government, Provinces, Investment Grade rated corporations, municipalities etc.

## Some Investment Basics

A **bond** is typically a fixed income investment that represents a loan made by an investor to a borrower (Federal government, province, corporation etc.). A bond is an I.O.U. between the lender and borrower that includes the details of the loan and its payments. Bonds are used by companies, municipalities, provinces, and governments to finance projects and operations.

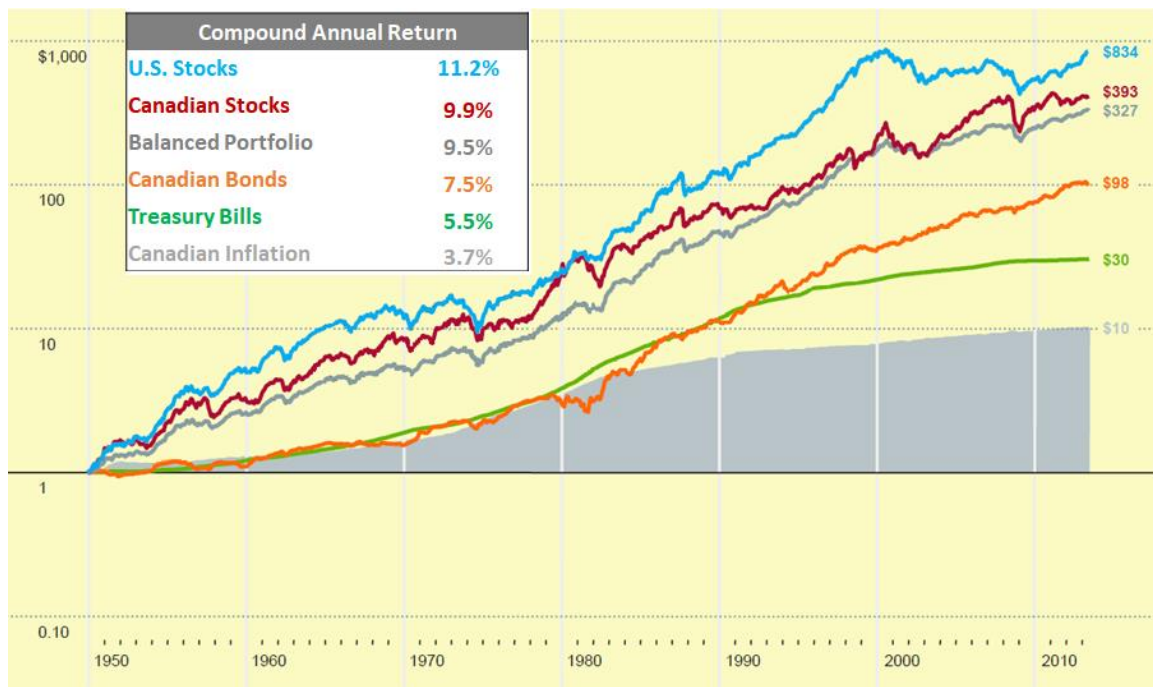
**Equities**, also known as stocks, represent a share of the ownership in a company. An investor who purchases a stock therefore becomes one of the owners of that company. Some companies pay “**dividends**” to their owners, whilst others reinvest their profits back into the business so the company may experience greater growth.

**Treasury Bills** represent loans of less than a year to the federal government and fit into the “Cash & equivalents” category.

**Inflation** refers to the rise in the cost of goods and services over time.

The following chart shows what \$1 invested in 1950 in the market index for each type of investment would have grown to by 2013. The grey shaded area shows that it now takes \$10 to buy what \$1 did back in 1950.

Investments in Equities (stocks) has provided by far the highest returns over this period, however it is important to note that there are periods when the stock markets go down in value over a year or more. Investors must recognise that this will happen eventually.



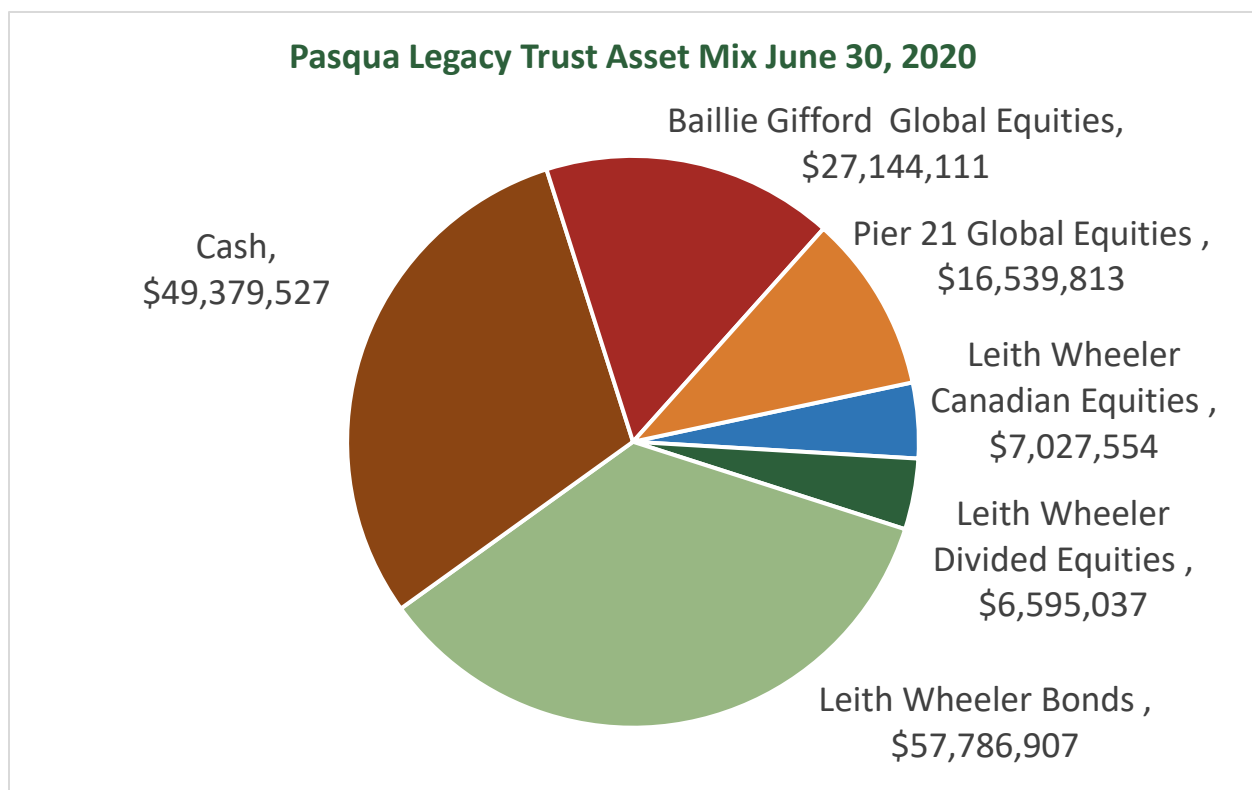
## Asset Allocation & Implementation

The mix of investments (asset allocation) chosen creates a balance between generating the desired amount of long-term growth and income with an acceptable degree of potential market volatility (the ups and downs). Different types of investments managed by different managers ensures that not all your investment eggs are in the same basket.

To protect the Trust from any potential initial negative stock market moves, the investing in equities will occur in stages (as follows). As of June 30, 2020, half of the final allocation to equities and all the allocation to bonds has been made. The funds that will be invested in equities in the future are currently invested in interest bearing Cash & Equivalents.

Asset Mix %s	Initial in 2019	September 30, 2019	December 31, 2020	June 30, 2021
Canadian Equities	5	10	15	20
Global Equities	10	20	30	40
Universe Bonds	35	35	35	35
Cash & Equivalents	50	35	20	5
Total	100	100	100	100

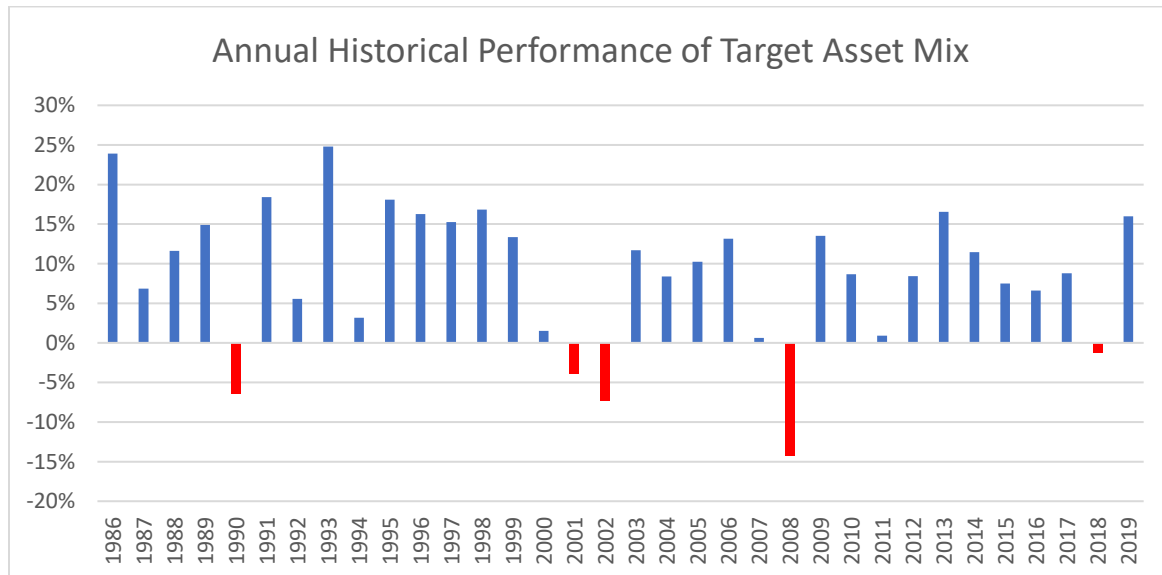
The total dollar amounts invested in each type of investment are currently:



## Historical Performance

The final chosen asset mix of investments would have provided the following returns in each calendar year since 1986, if invested in market indices (shown above for each asset class).

The important thing to note is that returns are very erratic, and in some years the returns are negative.



The largest one-year returns were about 25% which occurred in 1986 and 1993. There have now been five negative years since 1985, the worst being approximately minus 15% in 2008.

Considering the strength of markets over the last 11 years, history would suggest that additional market pull backs will inevitably occur at some future date. The unknowns are when they may occur, how long will they last and how large will be the declines.

While the long-term goals of the trust should be met over the long term, the next few years could pose a more challenging investment environment. Only time will tell.

## Equities That You Own

The following three pages show how your three equity managers have invested your funds monies. Each table shows the total amount invested in that specific strategy and a list of every company that you own. We show the percentage of how much of the overall investment strategy is invested in each company and the dollar amount.

## Baillie Gifford Long Term Global Growth Equity Fund Holdings at June 30, 2020

Company Name	Description of Business	Country	% of Portfolio	\$s Invested by Pasqua LT
TESLA	Automobiles & Parts	USA	9.0%	\$2,433,153
AMAZON.COM	General Retailers	USA	8.1%	\$2,207,644
TENCENT HOLDINGS	Software & Computer Services	China	6.5%	\$1,768,131
ILLUMINA	Pharmaceuticals & Biotech.	USA	5.7%	\$1,539,154
ALIBABA GROUP	General Retailers	China	5.2%	\$1,418,752
MEITUAN DIANPING	General Retailers	China	4.2%	\$1,127,919
PINDUODUO	General Retailers	China	3.9%	\$1,055,609
FACEBOOK	Software & Computer Services	USA	3.9%	\$1,048,470
NETFLIX	General Retailers	USA	3.6%	\$971,011
KERING	General Retailers	France	3.5%	\$936,878
SHOPIFY	Support Services	Canada	3.4%	\$913,223
DEXCOM	Healthcare Equipment/Services	USA	3.2%	\$863,004
ASML HOLDING	Technology Hardware/Equipment	Holland	3.1%	\$830,290
SPOTIFY	Media	Swede	2.7%	\$741,253
ALPHABET	Software & Computer Services	USA	2.7%	\$739,624
NVIDIA	Technology Hardware/Equipment	USA	2.7%	\$724,861
ATLISSIAN	Software & Computer Services	Australia	2.4%	\$649,334
TAL EDUCATION	General Retailers	China	2.4%	\$640,069
DELIVERY HERO	General Retailers	Germany	2.1%	\$569,521
WORKDAY	Software & Computer Services	USA	2.0%	\$541,747
INTUITIVE SURGICAL	Healthcare Equipment/Services	USA	1.9%	\$517,022
ZOOM VIDEO COM.	Fixed Line Telecommunications	USA	1.9%	\$515,186
PELOTON	Home Fitness	USA	1.9%	\$502,919
SALESFORCE.COM	Software & Computer Services	USA	1.8%	\$479,779
ADYEN	Support Services	Holland	1.7%	\$458,745
NETEASE	Software & Computer Services	China	1.6%	\$447,399
HERMES INTL.	Personal Goods	France	1.4%	\$386,460
AIA GROUP	Life Insurance	Hong Kong	1.0%	\$263,850
HDFC	General Financial	India	0.9%	\$253,713
IONIS PHARMACEUTICALS	Pharmaceuticals & Biotech.	USA	0.9%	\$249,246
L'OREAL	Personal Goods	France	0.8%	\$229,823
CLOUDFLARE	Software Developer	USA	0.8%	\$221,887
NIO	Automobiles & Parts	China	0.7%	\$177,945
INDITEX	General Retailers	Spain	0.6%	\$157,433
Cash			2.1%	\$563,056
			<b>100.0%</b>	<b>\$27,144,111</b>

## Pier 21 Global Value Pool Holdings at June 30, 2020

Company	Country	Sector	SubIndustry	% of Portfolio	\$s Invested by Pasqua LT
Ahold Delhaize	Holland	Consumer Staples	Food Retail	5.1%	\$844,366
Roche	Swiss	Health Care	Pharmaceuticals	4.9%	\$815,998
Kimberly-Clark	USA	Consumer Staples	Household Products	4.8%	\$796,239
Novo Nordisk	Denmark	Health Care	Pharmaceuticals	4.7%	\$784,902
Nestle	Swiss	Consumer Staples	Packaged Foods & Meats	4.7%	\$775,356
Fresenius Medical	Germany	Health Care	Health Care Services	4.6%	\$754,313
General Mills	USA	Consumer Staples	Packaged Foods & Meats	4.3%	\$718,323
ConAgra Brands	USA	Consumer Staples	Packaged Foods & Meats	4.2%	\$700,915
Danone	France	Consumer Staples	Packaged Foods & Meats	4.0%	\$668,103
Air Liquide	France	Materials	Industrial Gases	3.8%	\$620,724
Merck & Co	USA	Health Care	Pharmaceuticals	3.6%	\$587,612
KDDI Corp	Japan	Communication Services	Wireless Telecom	3.5%	\$585,311
Lamb Weston	USA	Consumer Staples	Packaged Foods & Meats	3.5%	\$578,409
Seven & I Holdings	Japan	Consumer Staples	Food Retail	3.2%	\$524,722
Securitas	Sweden	Industrials	Security & Alarm Services	2.5%	\$414,034
Makita	Japan	Industrials	Industrial Machinery	2.4%	\$389,500
Publicis Groupe	France	Communication Services	Advertising	2.3%	\$386,959
Adidas	Germany	Consumer Discretionary	Apparel & Luxury Goods	2.3%	\$385,998
Clorox	USA	Consumer Staples	Household Products	2.2%	\$365,517
Orange	France	Communication Services	Integrated Telecom	2.2%	\$358,204
Sodexo	France	Consumer Discretionary	Restaurants	2.0%	\$336,092
Diageo	UK	Consumer Staples	Distillers & Vintners	1.9%	\$314,277
Parker Hannifin	USA	Industrials	Industrial Machinery	1.9%	\$306,997
Hormel Foods	USA	Consumer Staples	Packaged Foods & Meats	1.8%	\$300,389
Lawson	Japan	Consumer Staples	Food Retail	1.8%	\$296,758
Pfizer	USA	Health Care	Pharmaceuticals	1.7%	\$288,616
G4S	UK	Industrials	Security & Alarm Services	1.7%	\$276,920
Swatch	Swiss	Consumer Discretionary	Apparel & Luxury Goods	1.6%	\$262,236
Asahi Group	Japan	Consumer Staples	Brewers	1.5%	\$245,192
Next	UK	Consumer Discretionary	Department Stores	1.3%	\$220,916
Ingredion	USA	Consumer Staples	Agricultural Products	1.3%	\$218,517
Kao	Japan	Consumer Staples	Personal Products	1.3%	\$207,366
Mondelez Int.	USA	Consumer Staples	Packaged Foods & Meats	1.2%	\$197,825
H&M	Sweden	Consumer Discretionary	Apparel Retail	1.1%	\$179,669
Kerry Group	Ireland	Consumer Staples	Packaged Foods & Meats	1.1%	\$177,047
Secom	Japan	Industrials	Security & Alarm Services	0.9%	\$156,852
Kirin	Japan	Consumer Staples	Brewers	0.9%	\$146,756
Cash				2.1%	\$351,882
<b>Total</b>				<b>100.0%</b>	<b>\$16,539,812</b>

## Leith Wheeler Canadian Dividend Fund Holdings at June 30, 2020

Sector	Company	% of Portfolio	\$s Invested by Pasqua LT
Energy	CANADIAN NATURAL RESOURCES	2.6%	\$169,101
	PEMBINA PIPELINE CORP	2.0%	\$132,720
Materials	NUTRIEN LTD	1.4%	\$95,502
	STELLA-JONES INC	1.6%	\$102,766
Industrials	CANADIAN NATL RAILWAY CO	6.6%	\$435,328
	FINNING INTERNATIONAL INC	2.3%	\$154,963
	MULLEN GROUP LTD	0.9%	\$59,010
	NFI GROUP INC	1.3%	\$85,255
	RUSSEL METALS INC	2.2%	\$142,415
	TOROMONT INDUSTRIES LTD	7.1%	\$470,871
	WASTE CONNECTIONS INC	1.0%	\$66,568
Consumer Discretionary	A AND W REVENUE ROYALTIES IN-UTS	2.4%	\$156,230
	CANADIAN TIRE CORP-CLASS A	3.3%	\$219,754
	SLEEP COUNTRY CANADA HOLDING	1.2%	\$79,349
Consumer Staple	SAPUTO INC	4.9%	\$320,124
Financials	BANK OF MONTREAL	1.8%	\$121,068
	BANK OF NOVA SCOTIA	4.1%	\$271,330
	BROOKFIELD ASSET MANAGE-CL A	4.5%	\$296,334
	CAN IMPERIAL BK OF COMMERCE	3.1%	\$201,813
	CANADIAN WESTERN BANK	1.9%	\$126,046
	GREAT-WEST LIFE CO INC	1.2%	\$77,712
	IA FINANCIAL CORP INC	2.2%	\$143,538
	MANULIFE FINANCIAL CORP	4.0%	\$262,463
	ROYAL BANK OF CANADA	6.1%	\$401,957
	TORONTO-DOMINION BANK	5.5%	\$360,950
Information Technology	CONSTELLATION SOFTWARE INC	2.1%	\$136,396
	OPEN TEXT CORP	5.8%	\$384,857
Communication Services	ROGERS COMMUNICATIONS INC-B	3.2%	\$213,539
	STINGRAY GROUP INC	0.8%	\$50,226
Utilities	BROOKFIELD INFRASTRUCTURE PA	4.5%	\$295,075
	BROOKFIELD INFRASTRUCTURE-A	0.1%	\$6,098
	HYDRO ONE LTD	2.2%	\$147,855
Real Estate	CT REAL ESTATE INVESTMENT TR	1.2%	\$78,462
	FIRST CAPITAL REAL ESTATE IN	2.5%	\$164,127
	SLATE RETAIL REIT - U	1.2%	\$80,277
	WPT INDUSTRIAL REAL ESTATE I	0.6%	\$37,853
Cash & Short Term		0.7%	\$47,064
Total		100.0%	\$6,595,036



## Leith Wheeler Canadian Equity Fund June 30, 2020

Sector	Company	% of Portfolio	\$s Invested by Pasqua LT
<b>Energy</b>	CAMECO CORP	0.2%	\$12,952
	CANADIAN NATURAL RESOURCES	2.7%	\$190,201
	NUVISTA ENERGY LTD	0.2%	\$16,772
	PEMBINA PIPELINE CORP	1.5%	\$105,922
	TOURMALINE OIL CORP	3.1%	\$218,629
<b>Materials</b>	FIRST QUANTUM MINERALS LTD	1.6%	\$114,641
	NUTRIEN LTD	1.2%	\$83,929
	STELLA-JONES INC	1.1%	\$77,042
	WINPAK LTD	1.0%	\$73,403
<b>Industrials</b>	CANADIAN NATL RAILWAY CO	6.7%	\$467,877
	FINNING INTERNATIONAL INC	2.0%	\$140,556
	MULLEN GROUP LTD	1.0%	\$69,359
	NFI GROUP INC	0.7%	\$48,183
	TOROMONT INDUSTRIES LTD	7.4%	\$518,928
	WASTE CONNECTIONS INC	3.3%	\$231,069
<b>Consumer Discretionary</b>	BRP INC CA- SUB VOTING	1.0%	\$67,302
	CANADIAN TIRE CORP-CLASS A	2.8%	\$194,140
	SLEEP COUNTRY CANADA HOLDING	0.8%	\$58,393
	SPIN MASTER CORP-SUB VTG SHR	0.4%	\$30,258
<b>Consumer Staple</b>	SAPUTO INC	4.6%	\$322,768
<b>Financials</b>	BANK OF MONTREAL	1.4%	\$100,904
	BANK OF NOVA SCOTIA	3.6%	\$250,953
	BROOKFIELD ASSET MANAGE-CL A	5.0%	\$350,567
	CAN IMPERIAL BK OF COMMERCE	2.4%	\$171,005
	CANADIAN WESTERN BANK	1.5%	\$107,602
	GREAT-WEST LIFECO INC	0.7%	\$51,821
	IA FINANCIAL CORP INC	1.8%	\$129,325
	MANULIFE FINANCIAL CORP	3.6%	\$254,373
	ONEX CORPORATION	0.4%	\$31,206
	ROYAL BANK OF CANADA	6.6%	\$465,732
	TORONTO-DOMINION BANK	5.7%	\$398,107
<b>Information Technology</b>	CGI INC	1.6%	\$110,099
	CONSTELLATION SOFTWARE INC	4.5%	\$313,287
	OPEN TEXT CORP	6.3%	\$443,083
<b>Communication Services</b>	ROGERS COMMUNICATIONS INC-B	2.6%	\$182,565
	STINGRAY GROUP INC	0.3%	\$23,574
<b>Utilities</b>	BROOKFIELD INFRASTRUCTURE PA	4.4%	\$312,605
	BROOKFIELD INFRASTRUCTURE-A	0.1%	\$9,237
	HYDRO ONE LTD	1.9%	\$136,931
<b>Real Estate</b>	CT REAL ESTATE INVESTMENT TR	0.5%	\$33,123
	SLATE RETAIL REIT - U	0.5%	\$34,036
	WPT INDUSTRIAL REAL ESTATE I	0.4%	\$27,927
<b>Cash &amp; Short-Term</b>		0.7%	\$47,170
		100.0%	\$7,027,554

## Leith Wheeler Core Active Bond Fund for Canadian Fixed Income

Over 250 different fixed income securities are held within the fund. They are allocated among the following issuers as of June 30th, 2020.

### Portfolio Characteristics

	Core Active Bond Fund	FTSE Canada Universe		
Average Term	10.6 Year(s)	11.2 Year(s)	■ Federals	14.1 %
Duration	8.2 Year(s)	8.5 Year(s)	■ Provincials	29.0 %
Yield	1.5%	1.3%	■ Municipals	3.8 %
			■ IG Corporate Bonds	51.5 %
			■ Real Return Bonds	0.9 %
			■ Futures	0.0 %
			■ Maples	0.7 %
				<b>100.0 %</b>

Comments from the Leith Wheeler Fixed Income Team.

The second quarter was a remarkable period for fixed income markets. Interest rates, already at very low levels, fell further as market participants assessed the likelihood of further market intervention by monetary authorities to lower longer term interest rates.

Specifically, Government of Canada 10-year notes fell about 25 basis points to close to at a historical low rate of 0.50%. Meanwhile the Bank of Canada maintained the overnight rate at 0.25%, after cutting it three times in the first quarter. At current yield levels, bond market participants are indicating skepticism central banks will be successful in hitting inflation targets and seem to hold a view that economic growth will continue to be weak for an extended period. Under these conditions, monetary policy would remain loose.

Your fixed income portfolio outperformed the FTSE Canada Universe Bond Index during the quarter due to an overweight position in corporate and provincial bonds. In addition, in the spring we had opportunistically added to the corporate and provincial holdings in your portfolio at highly discounted levels. These holdings performed well as credit spreads compressed and conditions in the corporate bond markets normalized over the second quarter. Our overweight in real return bonds also added value as inflation expectations rose slightly.

Going forward, we expect market volatility to remain elevated and have positioned your portfolio in high quality, liquid issuers that are historically resilient in periods of economic stress.

**AIC LP Comment:** With the index yield at 1.3% the next 10-years returns are almost certainly going to be low. The best predictor of 10-year average bond returns is the yield at the beginning of the period, so 1.3%. We will review this strategy over time.

## Bond Terms Explained

**"Yield"** refers to the expected interest payments received over a particular period of time. It's expressed as a percentage based on the current market value of the fund or index. For example, a yield of 2.5% means that for every \$100 invested the investor expects to receive \$2.5 of interest payments annually.

**"Average Maturity"** is the weighted average of all the current maturities of the debt securities held in the fund.

**"Duration"** is a measure of the price sensitivity of the fund to a given change in interest rates. For every 1% change in interest rates (increase or decrease), a bond's price will change approximately 1% in the opposite direction, for every year of duration. If a bond has a duration of eight years and interest rates increase 1%, the bond's price will drop by approximately 8% ( $1\% \times 8$  years). If interest rates fall by 1%, the same bond's price will increase by about 8% ( $1\% \times 8$  years).

**"Federals"** are bonds issued by the government of Canada and **"Provincials"** by Canadian provinces. **"IG Corporates"** are Investment Grade bonds issued by corporations. An investment grade is a rating that signifies a relatively low risk of default. Bond rating firms like Standard & Poor's and Moody's use different designations to identify a bond's credit quality rating: "AAA" and "AA" (high credit quality) and "A" and "BBB" (good credit quality) are considered investment grade. Credit ratings for bonds below these designations ("BB," "B," "CCC," etc.) are considered lower credit quality, and are commonly referred to as "high yield" or even "junk bonds."

**"Maples"** are bonds issued by foreign corporations in Canadian dollars.

**"Real Return Bonds"** adjust the payments to the investor in line with changes in the level of inflation. If the level inflation increases the amount the investor receives goes up, the opposite occurs when inflation decreases.

Please contact me should you have any questions or require additional information.

This report respectfully submitted by:

**Mark F Williams, CFA**

President, AIC Aboriginal Investment Consulting GP Ltd.

July 30th, 2020



## **Explanations of Method of Calculations and Sources of Investment Returns.**

It was agreed that CIBC will manage the long-term 5% allocation to Cash. This amount will sit in an interest-bearing account at CIBC Commercial Banking (or at CIBC Trust) and is not held at CIBC Mellon.

The Portfolio returns have been provided by CIBC Mellon and therefore will not include this 5% cash held on deposit at CIBC.

The Portfolio benchmark returns are also provided by CIBC Mellon and have been adjusted to exclude this 5% allocation to cash.

The returns provided will be a very close approximation to the overall returns of all the trust assets.

## **Performance Numbers Used This Report:**

Both Individual Investment manager performance and Index performance were provided by MercerInsight.

For both Baillie Gifford and Pier 21 in the tables on pages 7 & 8 we have reported their composite (strategy) performance numbers as this provides longer historical information than the pooled fund performance. A firm's composite return numbers represent the combined returns of all their clients who are invested in the same strategy. Composite numbers include both the returns of clients who are invested in the relevant pooled fund(s) and those whose accounts are managed on a segregated basis. Where these numbers differ from the pooled fund returns provided by each individual manager, we would recommend taking the information from the manager. Your Trust's performance will be the same as the pooled fund performance.

## **Fund Holdings**

The Trust holds units in several equity pooled funds. Where the dollar amounts invested in individual stocks are shown, this is on a look through basis.