

# NIPISSING 2013 BOUNDARY CLAIM TRUST

Quarterly Newsletter

June 2018

## Statement of Financial Position as at May 31, 2018

### ASSETS

Fair market value of investments managed by:

Lincluden Investment Management	\$ 43,165,616
Mawer Investment Management	47,718,637
Nipissing Solar SPN Promissory Note	816,816
Community Development Loan	<u>4,750,191</u>
	\$ 96,451,260

### LIABILITIES

Accounts payable	9,663
Peace Hills Trust (PCD/Minors Account)	<u>147,154</u>

### NET ASSETS

\$ 96,294,442



*"The Trustees met on March 10, 2018, to re-view the trust audit, approval the annual income and review the performance of the investment managers"*

- Georgina Villeneuve



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# Bulls vs Bear Markets



In this quarterly newsletter we want to talk about market cycles. The markets, like everything in life, run in cycles. When the markets are strong, and going up, the common term is that it is a 'bull' market. On the other hand, when the markets are weak, and going down, people say that we are in a 'bear' market.

We must remember that to a large degree the markets are a reflection of the economy. We must also remember that the Canadian economy is greatly affected by what happens in the US and China because we sell a lot of products and commodities (oil, gas, wheat) to those countries.

Growth cycles (i.e. bull markets) normally last from 5 to 10 years. For the last seven years (since 2008) we have been in a strong bull market. Economies around the world have been strong and this has been reflected in strong markets. The strong markets have resulted in positive growth for your Trust.

There are many people that think we are coming to the end of the current market cycle and we are heading into a bear market. Bear markets are usually shorter than bull markets and can result in small or large declines in markets and stock prices. We will have a bear market sometime in the future, but no one can say exactly when. Our concern is that the Trust is prepared for bear markets when they occur.



Jeff Frketich is a CFA Charterholder, a Fellow Chartered Professional Accountant and holds a commerce degree majoring in Accounting and Information Systems from the University of BC.

Jeff has extensive First Nation experience, having worked with First Nations for the past 18 years. He was an investment manager with First Nation clients for over 10 years.

Jeff's role with Nipissing is to work with Council and the Trustees on the selection of investment managers, development and monitoring of the Investment Policy Statement and the monthly and quarterly performance and compliance monitoring of the external Investment Managers.

Jeff Frketich, FCPA,  
FCGA, CFA





## Bulls vs Bear Markets (con't)

How do we do this? The first thing is to remember that the Trust has a very long time frame and that the markets go up a lot more than they go down. What we need to have is patience. We also must have professional investment managers (which we do) in charge of investment decisions. They will ensure that the Trust is invested in good companies that have long term records of stable earnings and growth. These companies will make money and do well over the long term.

There is also another important thing to remember: when we are in a bear market and the value of the Trust is down, the loss in value is only on paper until stocks are actually sold. If the Trust holds the securities until the market recovers, the Trust does not lose any money. This is exactly what happened in 2008, the worst bear market since the Great Depression in the 1930's. In 2008 the Canadian stock market was down about 40% and many Trusts lost money on paper. However, as the investment managers did not panic and sell at low prices, after a few years the market had recovered all of this decline, and moved much higher. Anyone who did not panic and sell did not lose any money, and actually made money in the long run.

Another thing to remember is that the Trust holds stocks and bonds that produce income each year to flow to the First Nation to pay for programs and services. Even if the market value of these stocks and bonds goes down temporarily, the amount of income they produce stays the same. So while the Trust is 'waiting' for the next bull market, it is still getting paid every year.

We will continue to monitor your investment manager, and the markets, and report to you in future newsletters.