

A large, jagged iceberg with a prominent peak floats in the ocean. The sky is filled with dramatic, layered clouds in shades of blue and white. The water is dark and calm.

NUNAVUT TRUST • ᑎᓄᓐᓂᓄᓐ ᑕᓐᓂᓄᓐᓂᓄᓐ • NUNAVUT KATIKHOIVIA

2012



# The Year in Review

Economic data has been more volatile recently than in the longer history but even more volatile has been the reactions of investors and consumers, which has resulted over the last few years in exaggerated price movements not based on sound fundamentals. With over 70% of our assets invested in publicly traded equities the portfolio value has swung considerably causing the 4% payout calculation to reflect similar behaviour. As an example, Trust returns in the last three months of 2012 were greater than returns earned over the entire five year period ending December 2012. When we look at the yearly returns of the Trust we see that in 2009 the fund made 16.5% but in 2011 its portfolio was down 1.79%. For the 10 years ended December 31, 2007, just before the financial crisis hit, the Trust had earned 7.98%. Over the more recent 10 year period ended December 31, 2012 the Trust earned 5.81%. These examples demonstrate the importance of a long term view: we cannot assess our performance vis a vis our objectives by looking at a short period of time. Markets have cycles, typically 5-7 years, and you must look at a full market cycle in order to assess your achievements.

For the 2012 calendar year the Trust had a positive return of 9.72%, just slightly behind its benchmark of 9.91%. The bench-

mark is a long term target and assumes 10% of the fund is fully invested in real estate and infrastructure. Currently the Trust is in the process of reaching this target. Managers have been selected to invest those assets but typically these managers take a few years to fully draw the cash into suitable projects. The real estate and infrastructure markets overall returned over 13% so an underweight to these assets classes will result in an underperformance against our benchmark. The Trust's Canadian equity and bond portfolios outperformed their targets while the non-Canadian equities underperformed their targets. The blend of various asset classes brought us performance very near our target overall. Invested assets of \$1,140,766,964 at year end reflect an increase of 5.5% or \$60 million from the prior year despite volatile markets and an increase in capital loans to beneficiaries. Strong investment returns and trading activity for the year generated \$107,485,871 of investment income for 2012. Deductions from this revenue are the expenses incurred during the investing process (\$7,183,649) and the costs of administering the portfolio (\$1,677,677). Combined expenses represent less than 1% of invested assets. The investment income is made up of both realized and unrealized income. Realized income comes from transactions that take place such as buying and selling securities or receiving dividends and interest payments and represents cash into the fund. Unrealized income (\$85,081,180) comes from changes in the market prices for our securities. Price changes, while reflected in the financial statements, do not bring cash into the fund and do not form part of the taxable income distributed to beneficiary organizations.

## Looking Ahead

In early 2013 we stepped back from the history and the noise around us and revisited our investment strategy in light of the future we saw ahead of us and our stated objectives as laid out in our Trust Deed. We are eagerly charting a new path that is structured to help us succeed at what we are trying to achieve with a more balanced risk allocation.

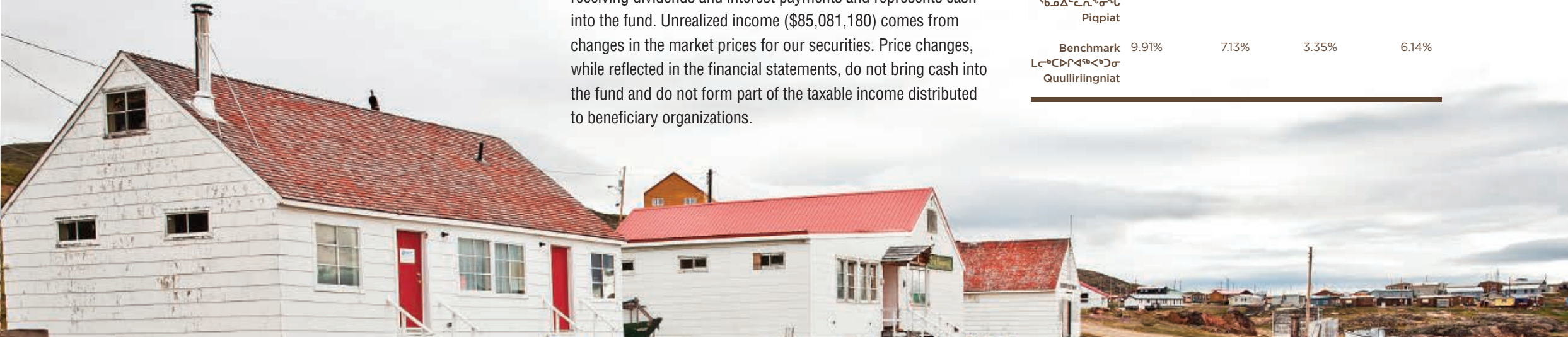
### Annual TWRR • ᐱᓐᓈᓂᓂᓂᓂᓂᓂ TWRR-ᓂᓂᓂᓂᓂᓂ • Ukiuqhiutit TWRR

	2012	2011	2010	2009	2008
Actual ᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂ Piqpiat	9.72%	-1.71%	8.38%	16.5%	-17.58%
Benchmark ᐱᓐᓈᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂ Quulliriingniat	9.91%	-0.06%	11.67%	17.86%	-18.27%

### Cumulative TWRR

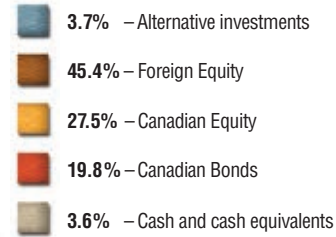
#### ᐱᓐᓈᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂ TWRR-ᓂᓂᓂᓂᓂᓂᓂᓂ Amigaiqpaalliqhimayut TWRR

	Last 1 Year 1 ᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂ 1 ukiuq	Last 3 Years 3 ᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂ 3 ukiut	Last 5 Years 5 ᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂ 5 ukiut	Last 10 Years 10-ᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂ 10 ukiut
Actual ᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂ Piqpiat	9.72%	5.32%	2.32%	5.81%
Benchmark ᐱᓐᓈᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂᓂ Quulliriingniat	9.91%	7.13%	3.35%	6.14%

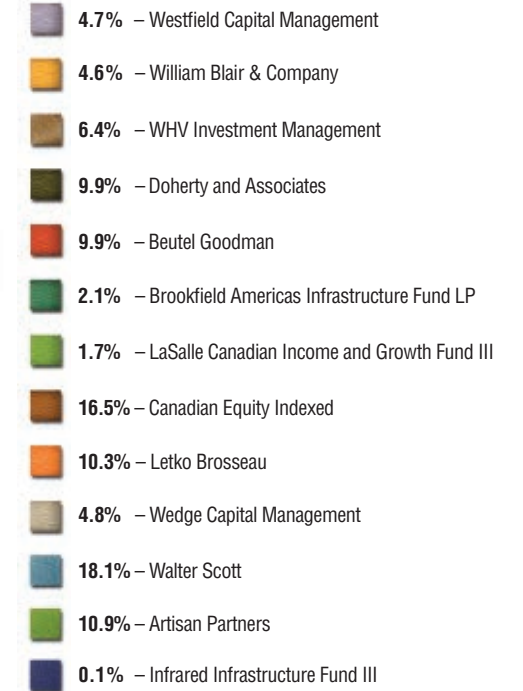


## Diversification of Trust Assets at December 31, 2012

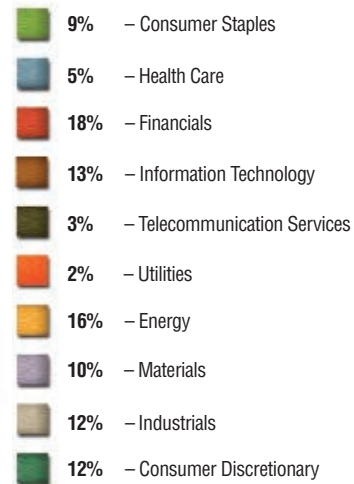
### Portfolio by Asset Class



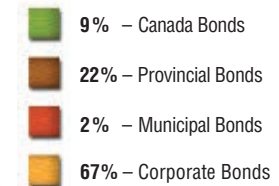
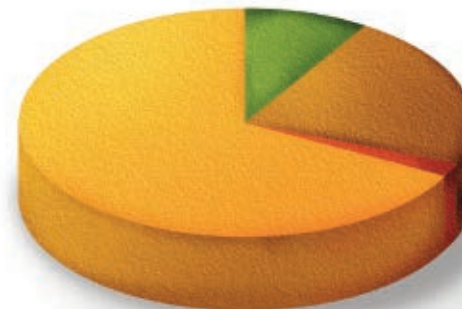
### Portfolio by Investment Manager



### Stocks by Sector



### Bonds by Issuer





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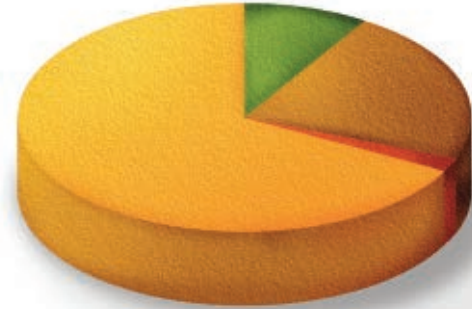
## Aviktugutingit Phihmayut Naunaitkutait

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- 22% - ᐃᓂᓂᓐ ᐃᓂᓂᓐ ᐃᓂᓂᓐ  
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- 2% - ᐃᓂᓂᓐ ᐃᓂᓂᓐ ᐃᓂᓂᓐ  
Nunalingnit Kavamaita
- 67% - ᐃᓂᓂᓐ ᐃᓂᓂᓐ ᐃᓂᓂᓐ  
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- 5% - ᐃᓂᓂᓐ ᐃᓂᓂᓐ ᐃᓂᓂᓐ  
Annialakitailinighak
- 18% - ᐃᓂᓂᓐ ᐃᓂᓂᓐ ᐃᓂᓂᓐ  
Manilikotit
- 13% - ᐃᓂᓂᓐ ᐃᓂᓂᓐ ᐃᓂᓂᓐ  
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Tohakitaitajotighat
- 2% - ᐃᓂᓂᓐ ᐃᓂᓂᓐ ᐃᓂᓂᓐ  
Ehagianaktot
- 16% - ᐃᓂᓂᓐ ᐃᓂᓂᓐ ᐃᓂᓂᓐ  
Ommakotit
- 10% - ᐃᓂᓂᓐ ᐃᓂᓂᓐ ᐃᓂᓂᓐ  
Hanaogakhat
- 12% - ᐃᓂᓂᓐ ᐃᓂᓂᓐ ᐃᓂᓂᓐ  
Havakviit
- 12% - ᐃᓂᓂᓐ ᐃᓂᓂᓐ ᐃᓂᓂᓐ  
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- 4.7% - ᐃᓂᓂᓐ ᐃᓂᓂᓐ  
Westfield Capital Management
- 4.6% - ᐃᓂᓂᓐ ᐃᓂᓂᓐ  
William Blair & Company
- 6.4% - ᐃᓂᓂᓐ ᐃᓂᓂᓐ ᐃᓂᓂᓐ  
WHV Investment Management
- 9.9% - ᐃᓂᓂᓐ ᐃᓂᓂᓐ ᐃᓂᓂᓐ  
Doherty and Associates
- 9.9% - ᐃᓂᓂᓐ ᐃᓂᓂᓐ ᐃᓂᓂᓐ  
Beutel Goodman
- 2.1% - ᐃᓂᓂᓐ ᐃᓂᓂᓐ ᐃᓂᓂᓐ  
Brookfield Americas Infrastructure Fund LP
- 1.7% - ᐃᓂᓂᓐ ᐃᓂᓂᓐ ᐃᓂᓂᓐ  
LaSalle Canadian Income and Growth Fund III
- 16.5% - ᐃᓂᓂᓐ ᐃᓂᓂᓐ ᐃᓂᓂᓐ  
Canadian Equity Indexed
- 10.3% - ᐃᓂᓂᓐ ᐃᓂᓂᓐ ᐃᓂᓂᓐ  
Letko Brosseau
- 4.8% - ᐃᓂᓂᓐ ᐃᓂᓂᓐ ᐃᓂᓂᓐ  
Wedge Capital Management
- 18.1% - ᐃᓂᓂᓐ ᐃᓂᓂᓐ ᐃᓂᓂᓐ  
Walter Scott
- 10.9% - ᐃᓂᓂᓐ ᐃᓂᓂᓐ ᐃᓂᓂᓐ  
Artisan Partners
- 0.1% - ᐃᓂᓂᓐ ᐃᓂᓂᓐ ᐃᓂᓂᓐ  
Infrared Infrastructure Fund III