

NUNAVUT TRUST
2024 HIGHLIGHTS





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Optimism, Mixed with Geopolitical Tensions, Supported Investment Markets in 2024

The 2024 investment markets continued their recovery from the valuation drawdowns of 2022, supported by increasing public confidence that inflation would stabilize near the 2% target. Canada saw inflation decline from 3.40% to 1.80%, and the Bank of Canada lowering interest rates from 5.00% to 3.25%, which eased borrowing costs and provided a more supportive economic environment for growth. As concerns over inflation and high interest rates subsided, equity markets responded positively, with the Canadian stock market delivering a 21% return and the U.S. market nearly 25%, driven mainly by the performance of the large technology and communications companies. Fixed income markets posted modest gains while the US dollar strengthened significantly against the Canadian dollar.

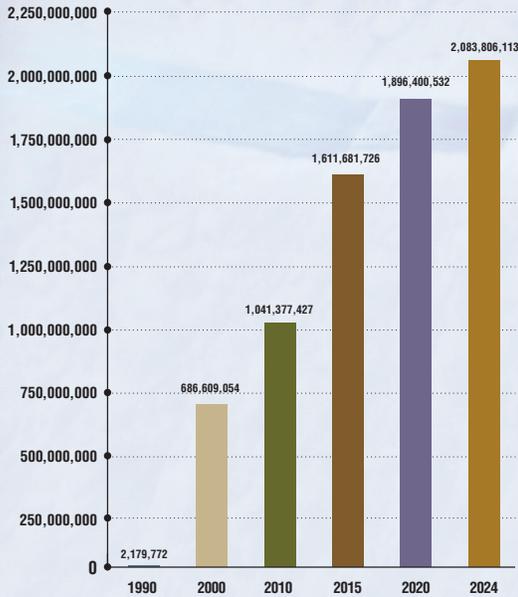
Geopolitical tensions continued to heighten investment risks during 2024, with armed conflicts in Russia/Ukraine and Israel/Gaza prominent in daily news feeds and the minds of investors. Closer to home, the threat of new trade policies and tariffs to be imposed by the incoming U.S. administration introduced economic uncertainty within and outside of North America. In contrast, optimism surrounding Artificial Intelligence driven technological advancements continued to support equity markets, as major global firms invested heavily in innovation. Meanwhile, private markets such as farmland, timber, infrastructure, and credit, provided valuation stability and regular income throughout 2024. Real estate continues to adjust to the realities of higher financing costs and shifts in workplace utilization, but there is a growing sense that perhaps the worst of the disruption of property values is now behind investors and buyers are very slowly returning to open the transaction markets. Patient investors sticking with their long-term investment strategies were rewarded in 2024.

The Trust portfolio is designed to weather short-term economic and market headwinds and to deliver reasonable, risk-adjusted returns over the long term that exceed those required to meet our mandate. By remaining fully invested and patiently following its investment strategy throughout the turmoil of the last few years and the news headlines of 2024, the Trust was able to protect the value of the Trust assets and the future income distributions that the assets will generate for its beneficiary organizations.

Despite the inflationary pressures and economic volatility of the last few years, the Nunavut Trust portfolio performed exceptionally well in 2024. The value of Trust assets surpassed \$2 billion, a valuation reserve was replenished to provide future protection from market downturns and an excess distribution above the 4% payout amount of \$15.9 million was made possible.

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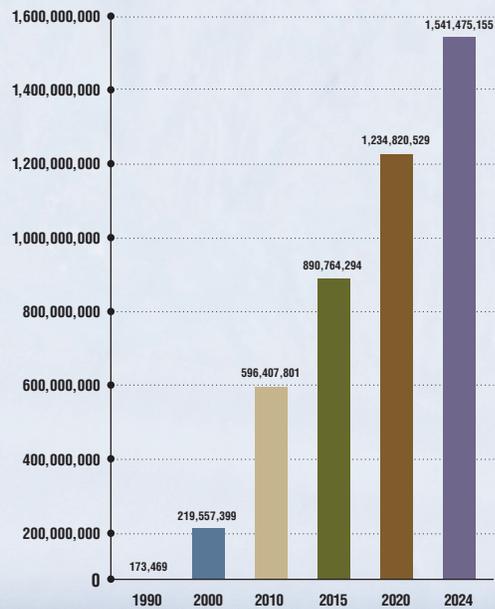
Total Assets (\$)



As a taxable entity required to pay out 100% of its annual taxable income every year, the Trust can only grow its assets by way of non-taxable income. A resilient investment strategy has ensured that Trust assets have a value above the Trust mandate with the December 31, 2024 portfolio valued at \$2.1 billion.

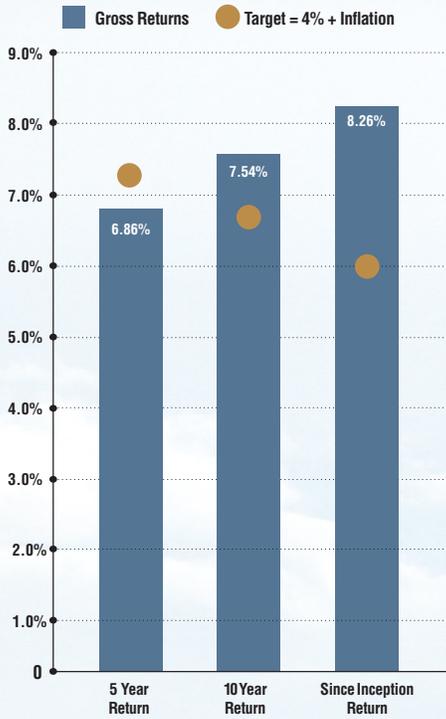
The Trust must distribute 100% of its taxable income every year to its beneficiary organizations (Nunavut Tunngavik Incorporated and Nunavut Elders' Pension Trust). Since its first year of operations the Trust has cumulatively distributed over \$1.5 billion for the benefit of the Inuit of Nunavut.

Cumulative Distributions (\$)



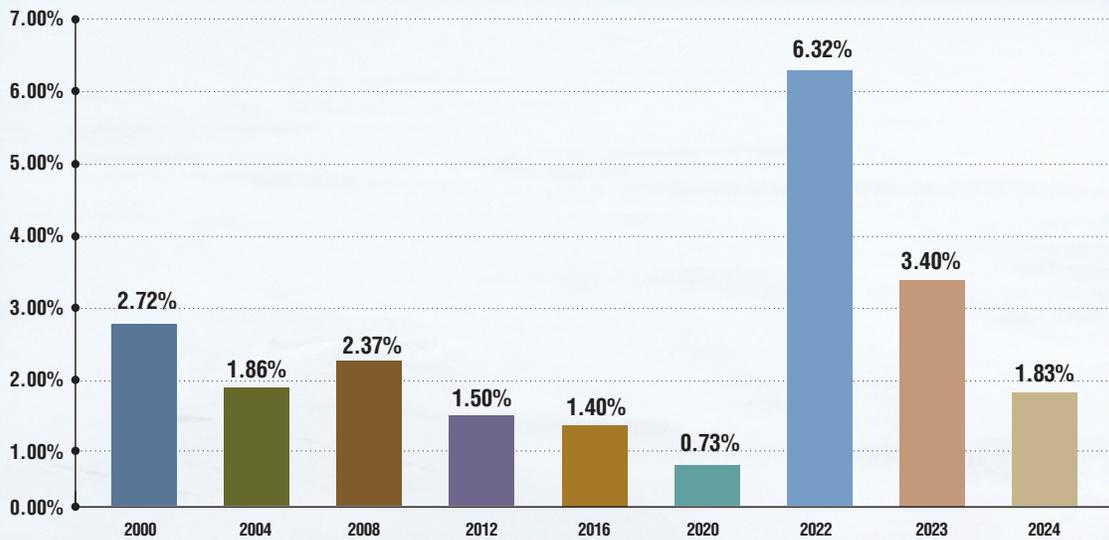
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Investment Returns (%)



Since the inception of the Trust, the portfolio has earned a gross return of 8.3%, 2.2% above its target return of 6.1%, 2.2% above its target return of 4% plus Canadian inflation. When inflation runs high as it did in 2021 through 2023, target returns are pushed to levels higher than risk-appropriate returns available in the investment markets in the short term. Throughout 2024 and 2025 inflation moderated which will bring the 5-year target return closer to the since inception target return of 6%.

Annual Inflation Rate (%)



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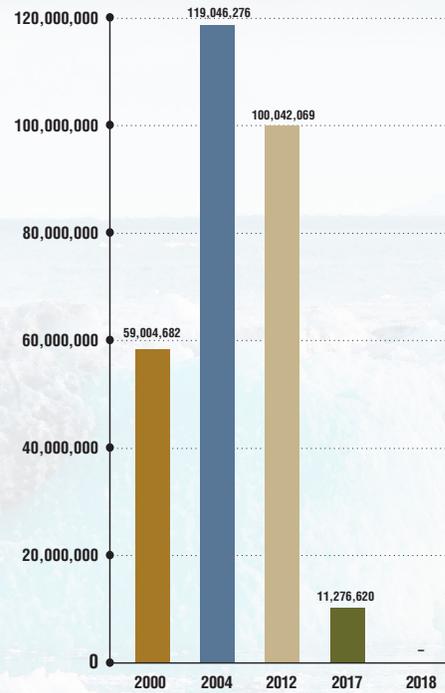
The Trust's beneficiaries borrowed from the Trust (referred to as Legacy Capital Loans) in its early years when assets were not high enough to generate the level of income distributions needed by them to carry out their mandates. Over time, the Trust was able to earn more investment income than the amount agreed to be paid annually to Trust beneficiaries and the excess distributions were used to pay down the Legacy Capital Loans, extinguishing the debt by year end 2018.

Investment Markets are not predictable, and the actual taxable income distribution will differ from the 4% payout amount the Trust has agreed to provide to its beneficiary organizations.

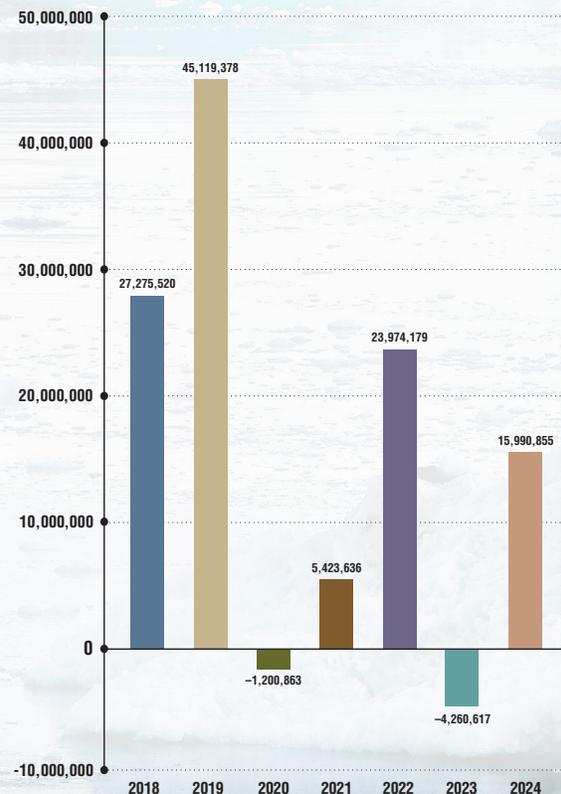
These differences are either new capital loans when actual taxable income is lower than the 4% amount or excess distributions when taxable income is higher. These post-2018 results are classified as the Steady State to differentiate them from the Legacy Capital Loans.

Future excess distributions are used to pay down new Capital Loans and the Trust's investment strategy is designed to avoid an increasing Capital Loan balance.

Legacy Capital Loans Outstanding (\$)



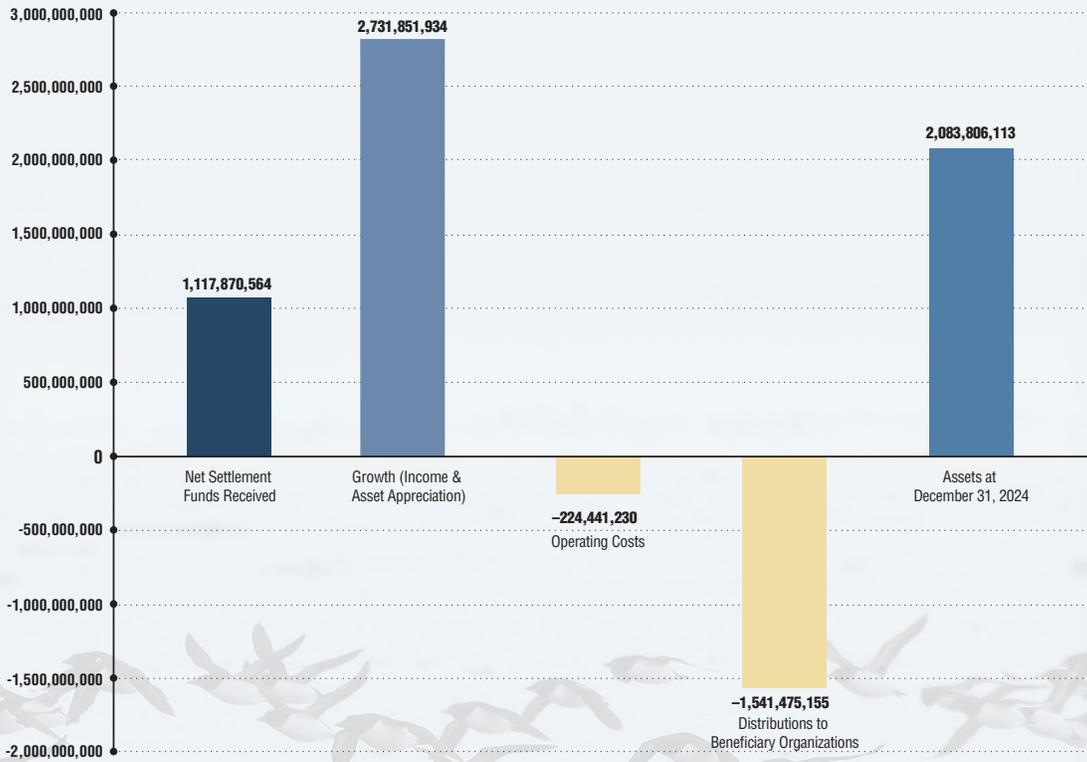
Steady State Excess Distributions (Capital Loans) (\$)



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Change in Assets Since Inception (\$)

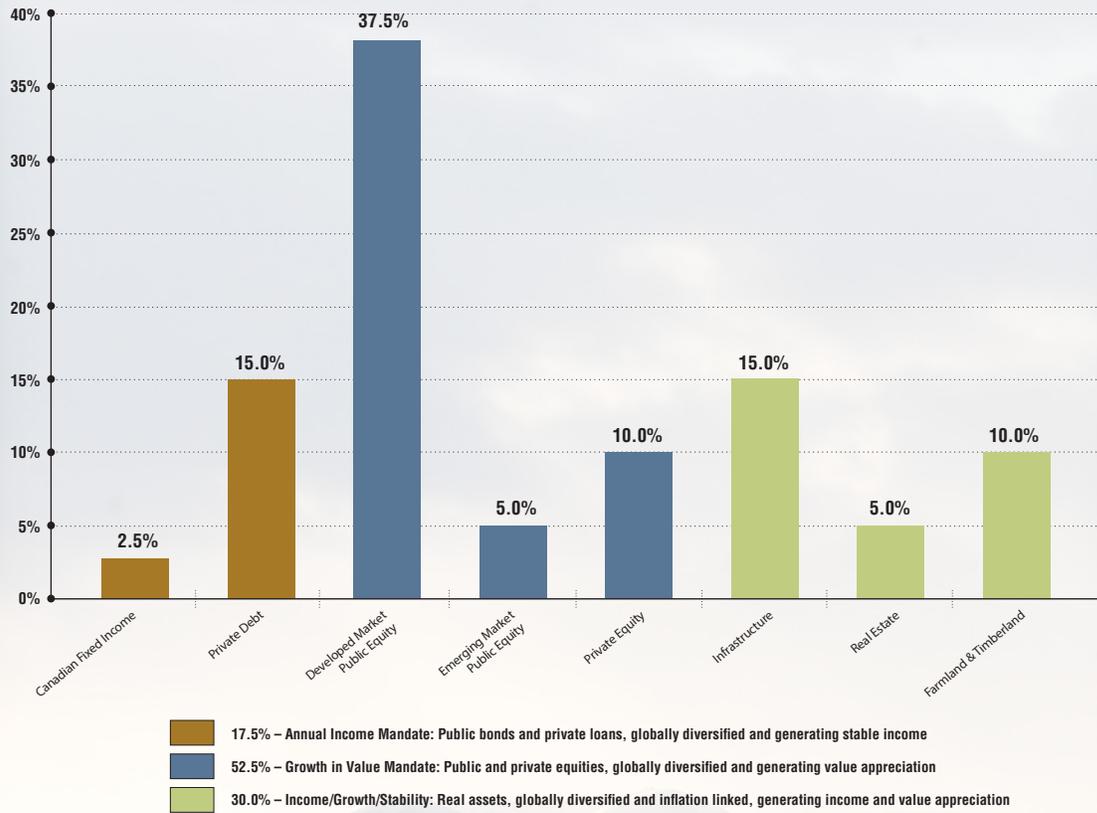
(Net Settlement Funds + Growth Net of Costs - Distributions = Current Assets)



The net land claim Settlement & Payments of \$1.117 billion came into the Trust over the 15 years from 1993 through 2007. The Trust's investment strategy and related implementation activities have grown those original cash inflows by \$2.507 billion. This growth in value made it possible for the Trust to distribute a total of \$1.541 billion to its beneficiary organizations since it began operations, leaving assets worth \$2.084 billion in the Trust on December 31, 2024.

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Long Term Asset Allocation Policy by Asset Class and by Role in the Portfolio (%)



The strategic asset allocation is intended to incorporate a mix of asset classes which will produce the highest, risk-adjusted expected investment return within a prudent risk framework taking into consideration the Trust's mandate and constraints. Each asset class is not viewed in isolation but by its role in the overall portfolio and its behaviour in comparison to other asset classes. As a perpetuity, the Trust has a long time horizon and can take advantage of the return premium available in alternative asset classes that are not traded on public market exchanges. In 2024 the fixed income strategy was simplified to reduce risk and focus on stability of values and income. Similarly, the public equity portfolio strategy was adjusted to help stabilize values and provide a smoother income pattern. A minor reallocation in the real assets portfolio from real estate to infrastructure will carry the resilient portfolio strategy into the coming years.