

NUNAVUT TRUST
2025 HIGHLIGHTS





NUNAVUT TRUST

2025 Demonstrated the Value of Portfolio Diversification in a Turbulent and Structurally Changing World

Following the very positive returns earned by investors in 2024, investment markets around the world in 2025 produced strong results, even though we saw significant swings in investor sentiment and public investment market price volatility throughout the year. Two main developments drove market performance: the imposition of extreme and wide-reaching tariffs by the US in April on what has come to be known as Liberation Day, and the hype around the future implications of new technologies such as artificial intelligence and their need for high capital expenditures and data storage/processing facilities.

Tariffs, taxes placed on goods brought into a country from foreign sources, can increase the cost of many imported products, which in turn worsens the profitability (and even sustainability) of businesses and individuals that need to purchase these foreign goods. This can put a strain on economic growth as importers cut back on foreign shipments or suffer lower profit margins, local companies/individuals cut back on purchases of foreign goods, and foreign companies lose destinations for their product sales. As more goods become more expensive there is upward pressure on inflation. When the new US tariffs were announced in April 2025, markets reacted quickly and violently as investors worried about the impact on global trade relationships, profits and economies, and stock prices fell sharply as a result. The main US stock market fell by almost 19% as a result of the uncertainty investors were feeling in early 2025. With each new piece of news around tariff policies coming from the US, market prices moved up or down more than normal over the following days until investors adjusted to the uncertainty around world trade and regained confidence in the markets as businesses unexpectedly continued to earn solid and growing profits.

The second half of 2025 saw a steady recovery in market prices and by year end major stock markets around the world had moved up by double-digit amounts, with markets outside the US performing especially well.

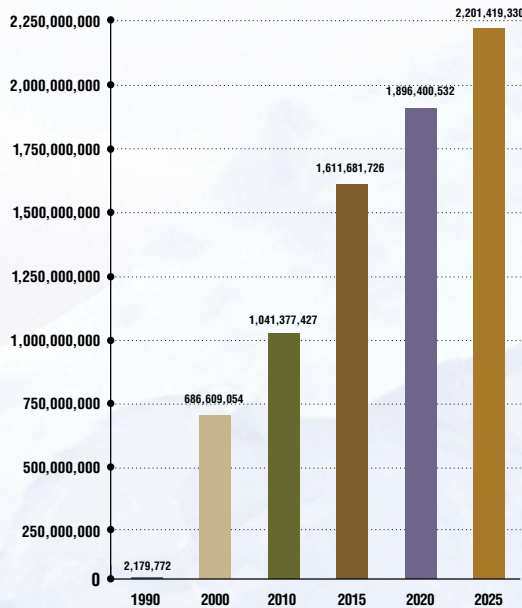
Canadian and European stock markets had a strong year. European banks and defence-related companies benefited from a push by European nations to increase their own defence capabilities and from ongoing global tensions, including the continued Russia/Ukraine war. Canadian banks and resource companies supported positive market results, even with foreign trade uncertainty.

Large technology companies also played a key role in the 2025 market results. Many of these companies are investing heavily in artificial intelligence (AI), computer chips, and data centres that support modern and developing technologies. The strong investor belief that AI can improve productivity and efficiency over time has boosted the valuations of most AI-related companies, regardless of the fact that these investments must eventually deliver real benefits in the years ahead.

2025 has been a classic example of why investors should focus on the long-term outlook and not react quickly and emotionally during uncertainty around investment/world markets: patience and discipline were rewarded. This year's experience reinforced the importance of spreading investments across different countries, investment strategies and types of assets which react differently to market events. By keeping a razor-sharp focus on its long-term mandate and resilient investment strategy, the Trust was able to protect and grow its invested portfolio to a value that is double the amount of the original Settlement Payments despite significant market stress. The value of Trust assets reached \$2.2 billion, a level higher than the mandated asset level, thereby providing a valuation reserve for protection from future market downturns. The taxable income earned in 2025 made it possible for the Trust, for the second consecutive year, to distribute excess taxable income (\$30 million) above the 4% payout amount. The 2025 distribution of taxable income brought the cumulative amount given to the Trust's beneficiary organizations to \$1.65 billion, 1.5 times the amount of the original Settlement Payments.

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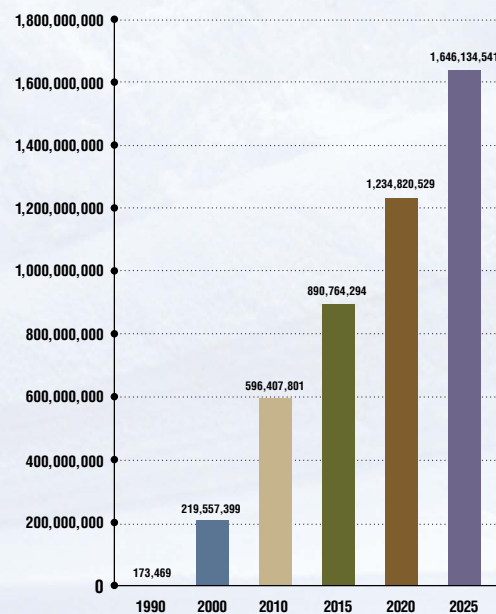
Total Assets (\$)



The Trust portfolio has continued to increase meaningfully in value over the years, making it possible for the Trustees to continue to increase the amount the Trust pays out to its beneficiary organizations. 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 level required in the Trust's mandate with the December 31, 2025 portfolio valued at \$2.2 billion.

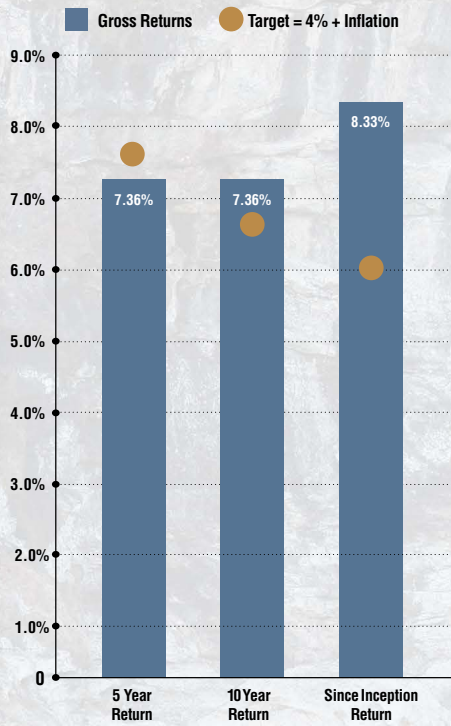
All taxable income of the Trust flows out to its beneficiary organizations (Nunavut Tunngavik Incorporated and Nunavut Elders' Pension Trust) as distributions every year with taxable income driven by the growth of the portfolio and the investment transactions taken within the portfolio. Since its first year of operations the Trust has cumulatively distributed over \$1.65 billion for the ultimate benefit of the Inuit of Nunavut.

Cumulative Distributions (\$)



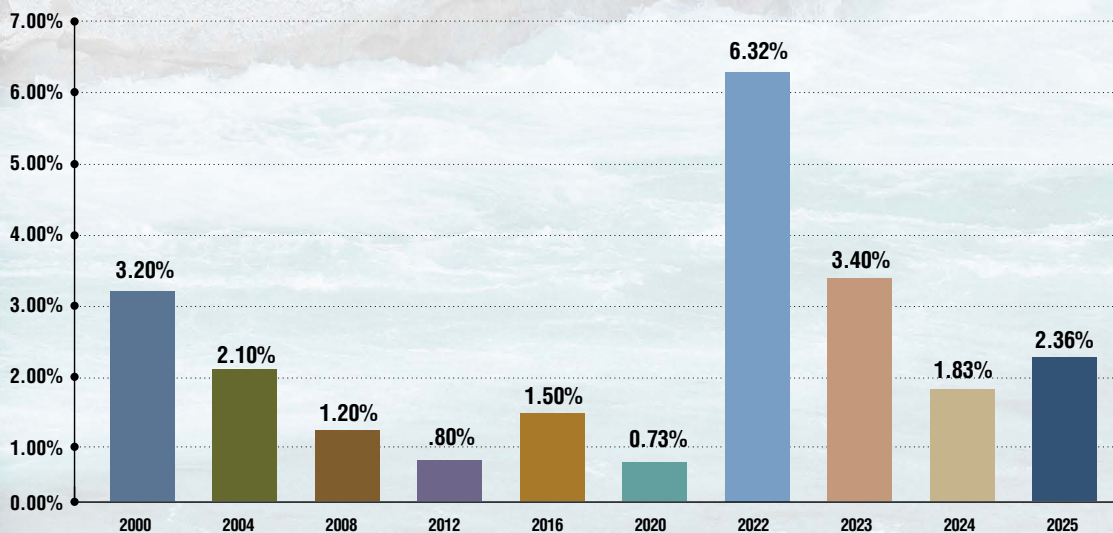
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Investment Returns (%)



The Trust has a long term mandate and therefore a long term investment strategy. Performance of the portfolio is measured on a matching long term basis. Since the inception of the Trust, the portfolio has earned a gross return of 8.3%, 2.3% 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 difficult to achieve without taking on higher risk investment strategies. The Trustees have long held the view that the Trust's investment returns should be earned without taking on more than reasonable risk. Throughout 2024 and 2025 the rate of inflation began to come down, bringing the 5-year target return closer to the normal, since-inception target return of 6.1%.

Annual Inflation Rate (%)



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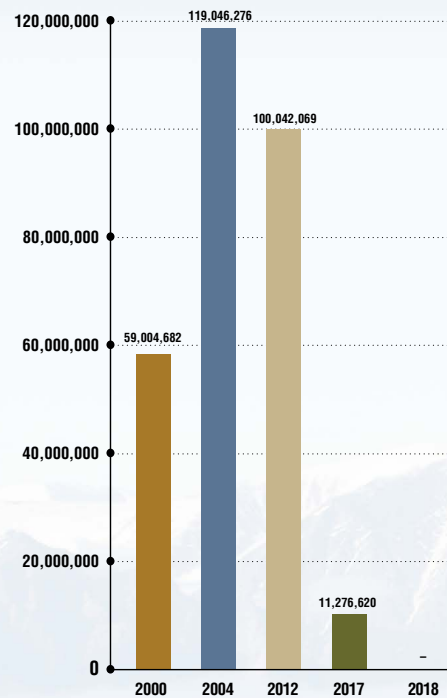
The Trust's beneficiaries borrowed (Legacy Capital Loans) from the Trust in its early years when assets were not high enough to generate the level of income distributions needed by them to carry out their mandates.

Over time, the Trust was able to earn more taxable investment income and when taxable income exceeded the amount agreed to be paid annually to Trust beneficiaries (the 4% payout amount) these 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 amount of investment activity carried out each year can vary significantly.

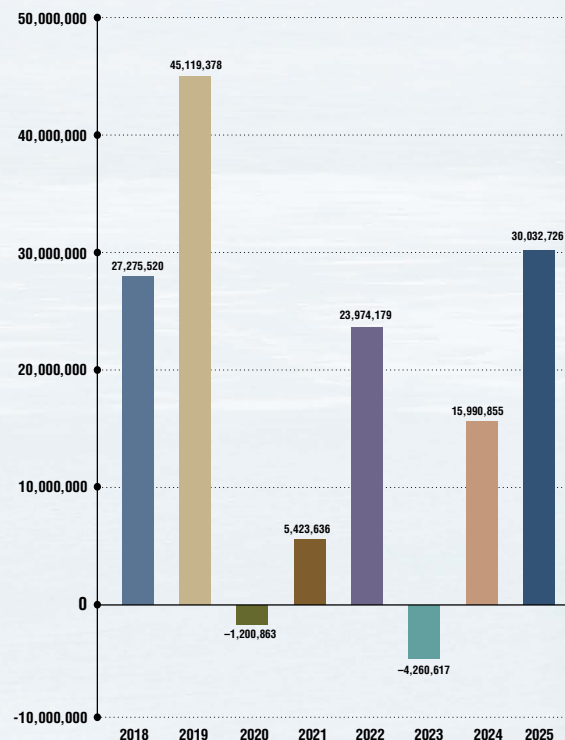
As a result, the actual taxable income distribution will differ from the 4% payout amount. These differences are either new Capital Loans when actual taxable income is lower than the 4% payout amount or excess distributions when taxable income is higher. The years following 2018 are referred to as the Steady State to differentiate them from the original Legacy Capital Loan environment. The Trust's investment strategy is designed to attempt to ensure that any new Capital Loan would be relatively small and that future excess distributions would be used to pay down previous new Capital Loans. A Capital Loan is expected to occur now and then and reflects that the 4% payout amount is an estimate and can never exactly match actual taxable income.

The existence of Capital Loans is linked to taxable income only and is not a reflection of performance which is made up of both taxable and non-taxable income.

Legacy Capital Loans Outstanding (\$)



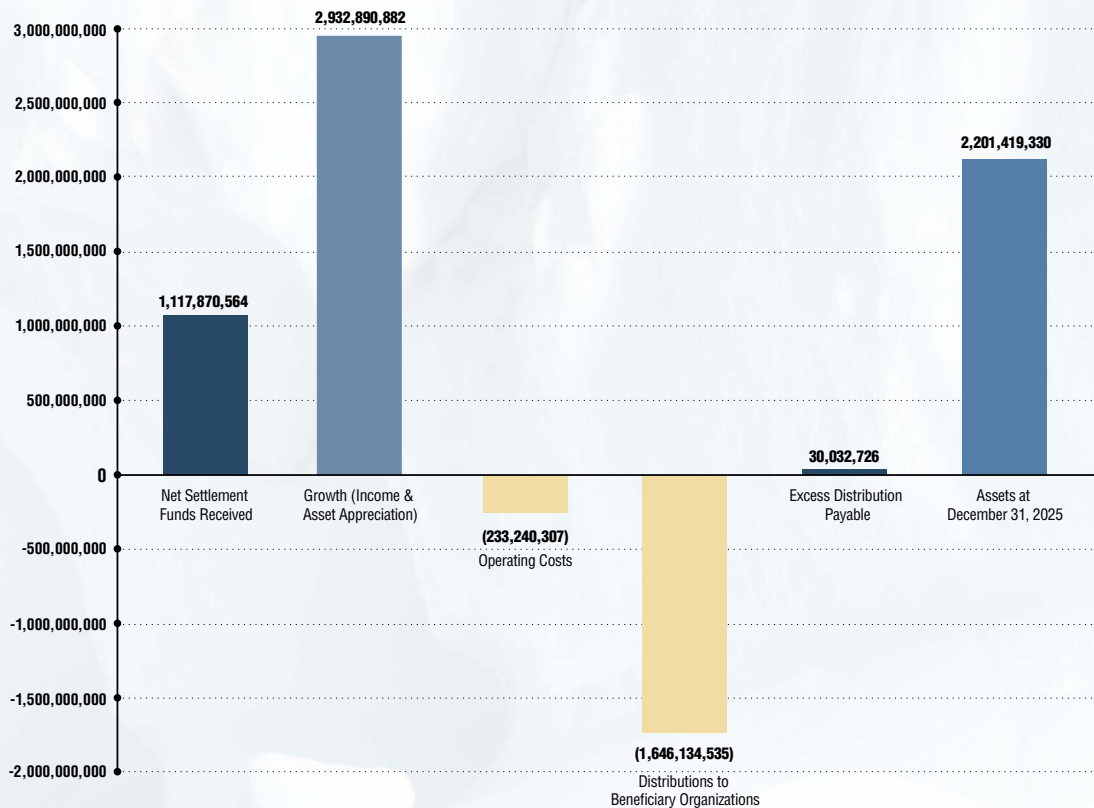
Steady State Excess Distributions (Capital Loans) (\$)



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Change in Assets Since Inception (\$)

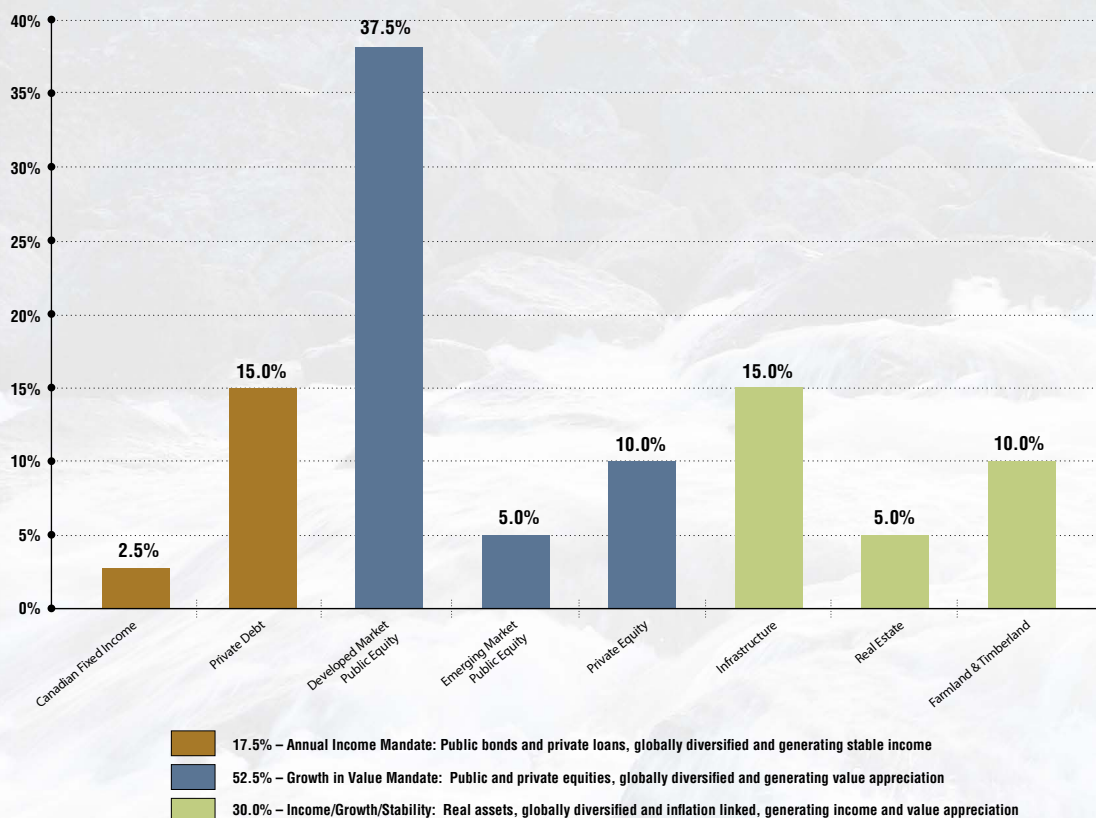
(Net Settlement Funds + Growth Net of Costs - Distributions = Current Assets)



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 after costs by \$2.7 billion. This growth in value made it possible for the Trust to distribute a total of \$1.65 billion to its beneficiary organizations since it began operations and to hold assets worth \$2.2 billion on December 31, 2025.

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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, established by the Trustees, taking into consideration the Trust's mandate, constraints and long time horizon. 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 can diversify its investment types and take advantage of the complementary characteristics of alternative asset classes that are not traded on public market exchanges. As the investment strategy is a long term one, frequent changes to the asset allocation are not expected and there were no such changes in 2025.