Investment Review

June 17, 2021

NEXUS

Agenda

1. Inside Nexus
2. Current Environment
3. Portfolio Overview
4. Investment Performance

Inside Nexus

We continue to build our capability to support our clients and our vision

- To be one of Canada's most respected investment counselling firms focused on private clients and foundations

- We have approximately 600 clients with a range of portfolios up to $100 million in size
- 98% client retention rate (1)

- New branding rollout continues with launch of new website

- Lily Lucacescu joined us as a Junior Office Manager
- Staged return to office planned for the fall

(1) Calculated as the average annual retention rate from December 31, 2010 to December 31, 2020.

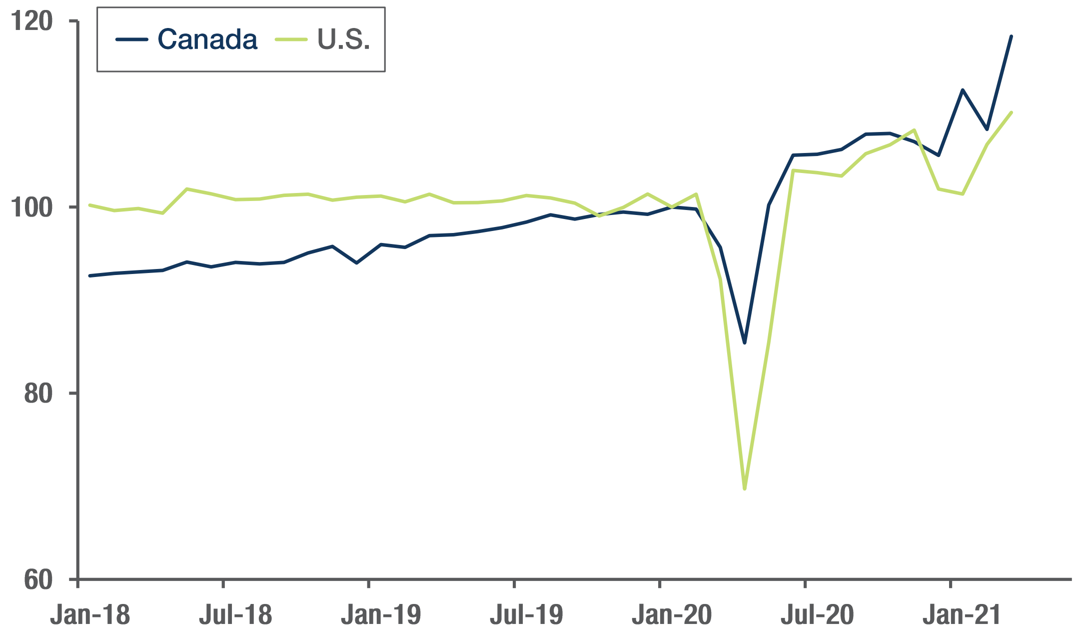
Current Environment

Moving beyond COVID, a recovery is taking shape

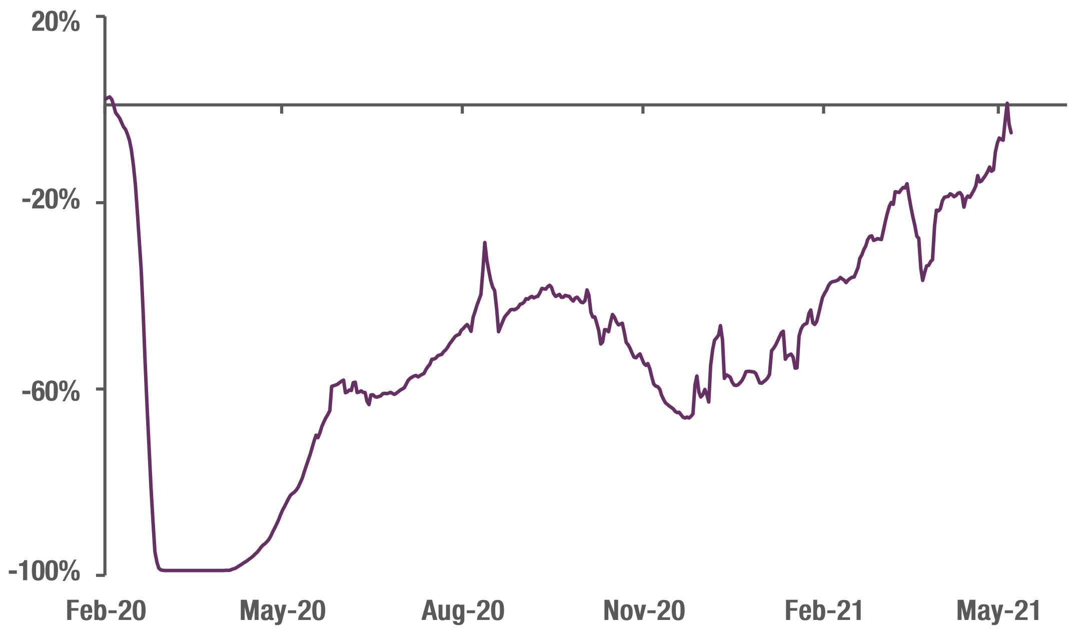
- Global economic recovery is accelerating despite uneven access to vaccines
- Nature of decline and pandemic oddities have made recovery path difficult to predict
- Extreme stimulus is now producing unintended consequences
- One consequence might be inflation

Current Environment

Economic recovery is accelerating as the world returns to normal



Retail Sales (Indexed to 100 at Jan 2020)



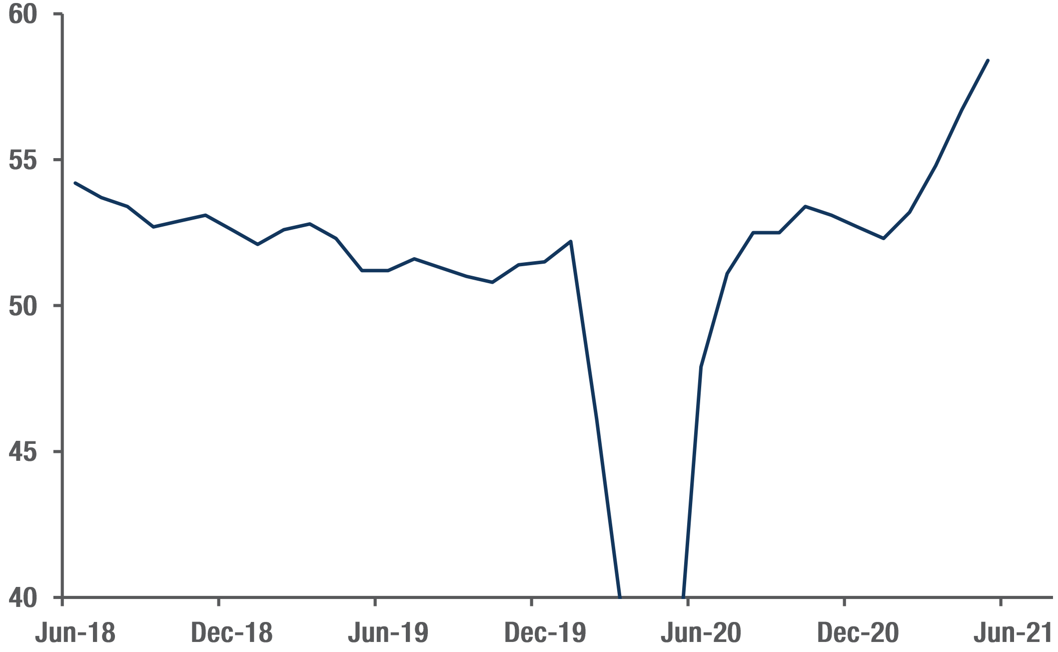
OpenTable Reservations vs. 2019 – U.S.[1]

Source: Bloomberg, www.opentable.com.

[1] 7-day moving average of daily reservation count vs .same day in 2019.

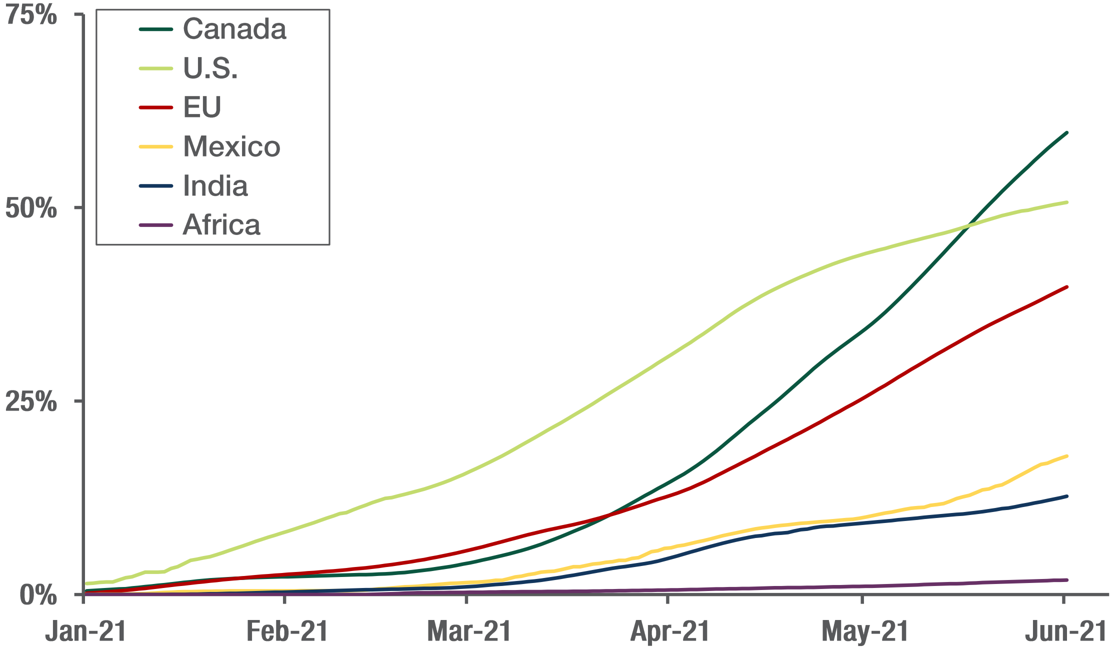
Current Environment

Economies around the globe are rebounding…



Global Composite Purchasing Managers Index

… despite uneven access to vaccines



% Of Population With At Least One Vaccine Dose [1]

Source: Bloomberg, ourworldindata.org.

[1] 7-day moving-average. Data is as of June 6, 2021.

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Current Environment

COVID prompted behavioural changes, many of which will persist

Conditions were unprecedented in 2020

- Natural disaster-like downturn
- Unprecedented stimulus
- Minimal loss of financial resources
- Limited ability to spend during lockdowns

- Workplace changes
  - Work from home/hybrid work arrangements
  - Reduced travel
  - Increased automation
- Consumer behaviour
  - Online shopping, curbside pick-up
  - Emphasis on at-home space

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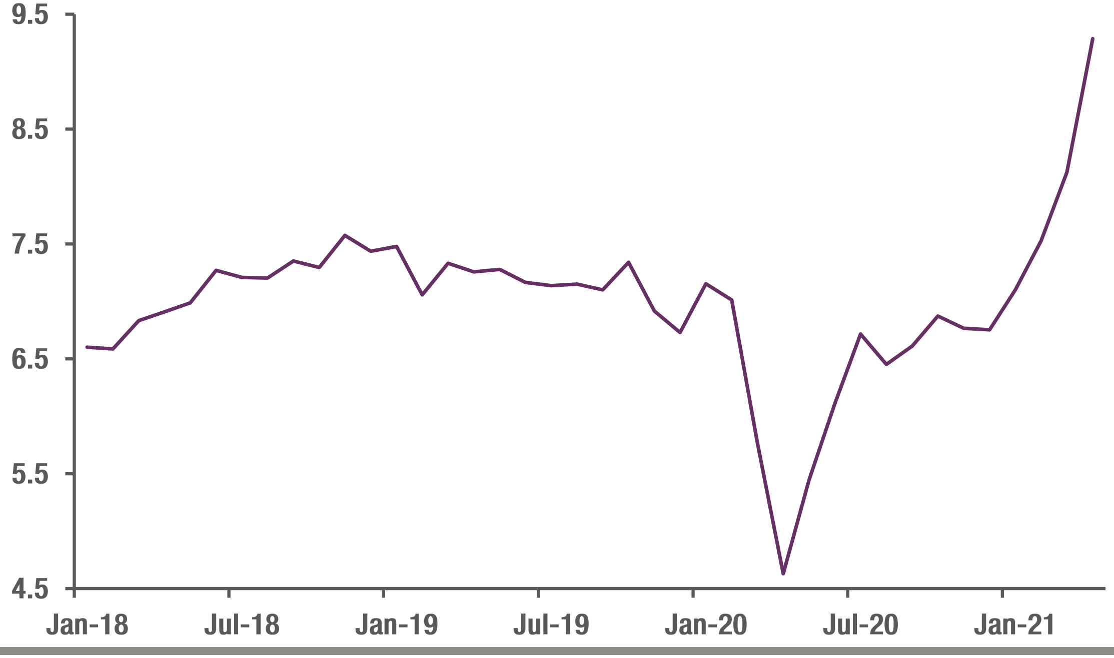
Current Environment

Recovery has produced many oddities and has been difficult to manage



U.S. Job Openings (Millions)

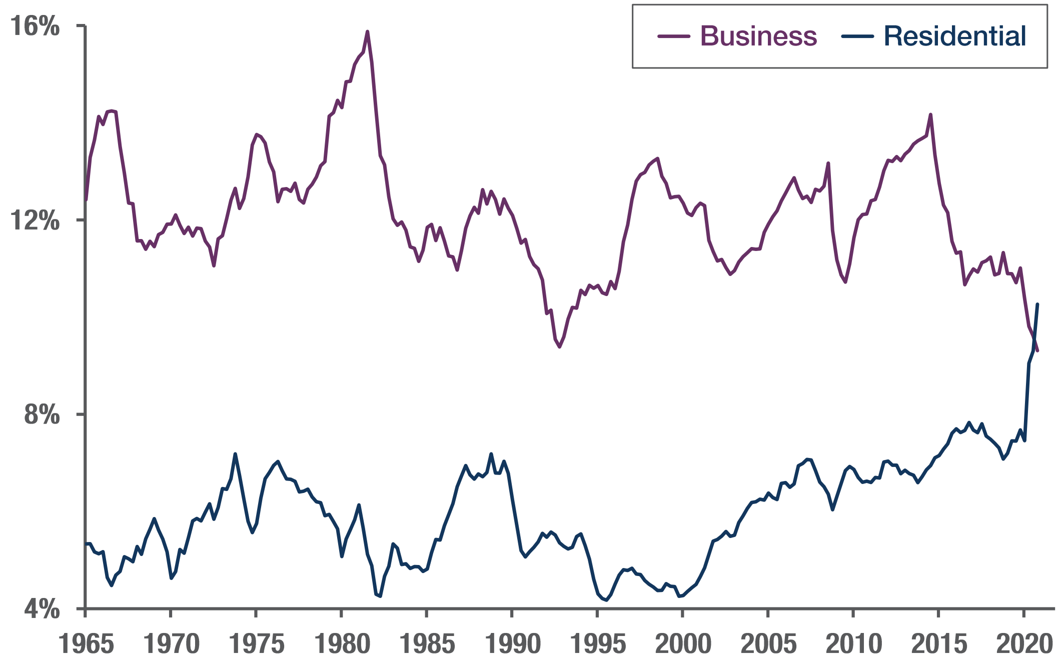
- Employers unable to fill vacant roles, despite bonuses and wage increases
- Excess savings
- Supply chain management issues
  - Disrupted access to manufacturing inputs
  - Factories not operating at full capacity
  - Transportation bottlenecks
  - Strong demand

Source: Bloomberg.

Current Environment

Extreme stimulus is now producing unintended consequences

- Low rates have not increased business investment
  - Investment is critical to productivity and competitiveness
- Low rates have encouraged speculation
  - Housing, cryptos, meme stocks, SPACs, NFTs
- Record government debt levels undermine confidence and lead to inflation worries

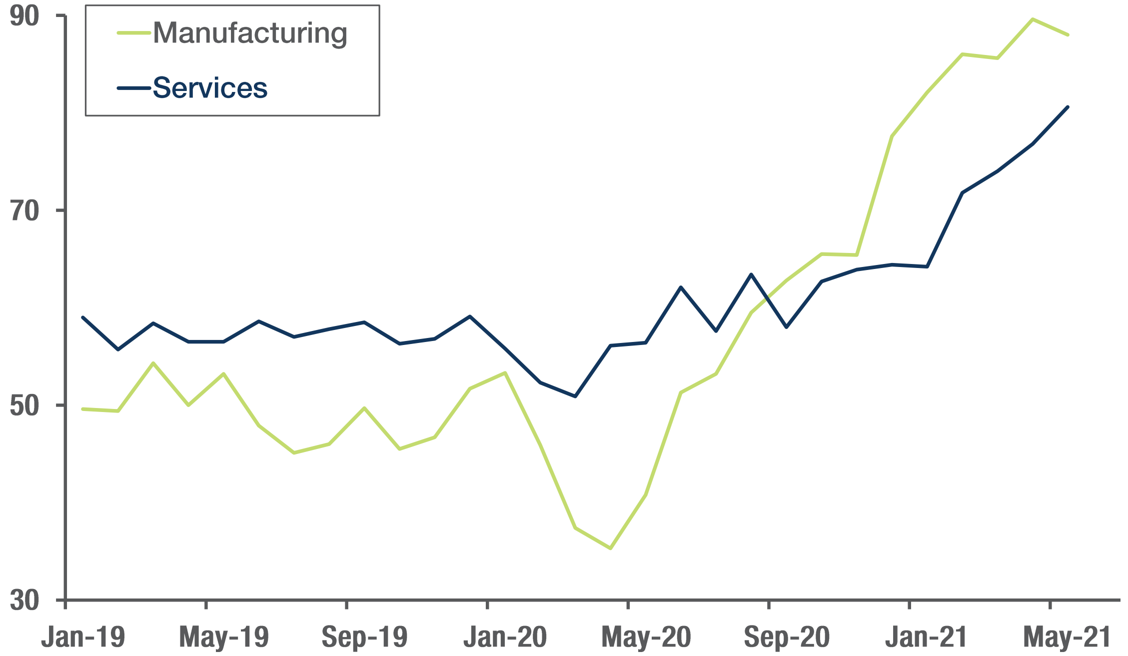


Canadian Business and Residential Investment (% of GDP)

Source: Bloomberg, Statistics Canada

Current Environment

Inflation is far from certain, but we are acutely aware of the risk [1]



ISM Prices Paid Index (U.S.)

- Elevated prices are evident, but may not persist
  - Lumber and other commodity prices
  - Supply chain disruptions
  - Employment support programs will expire
- Eventually, fiscal spending will moderate and taxes will increase

Source: Bloomberg.

[1] At 1.5% inflation, $100 today is worth $64 in 30 years, but only $40 at 3% inflation.

Portfolio Overview

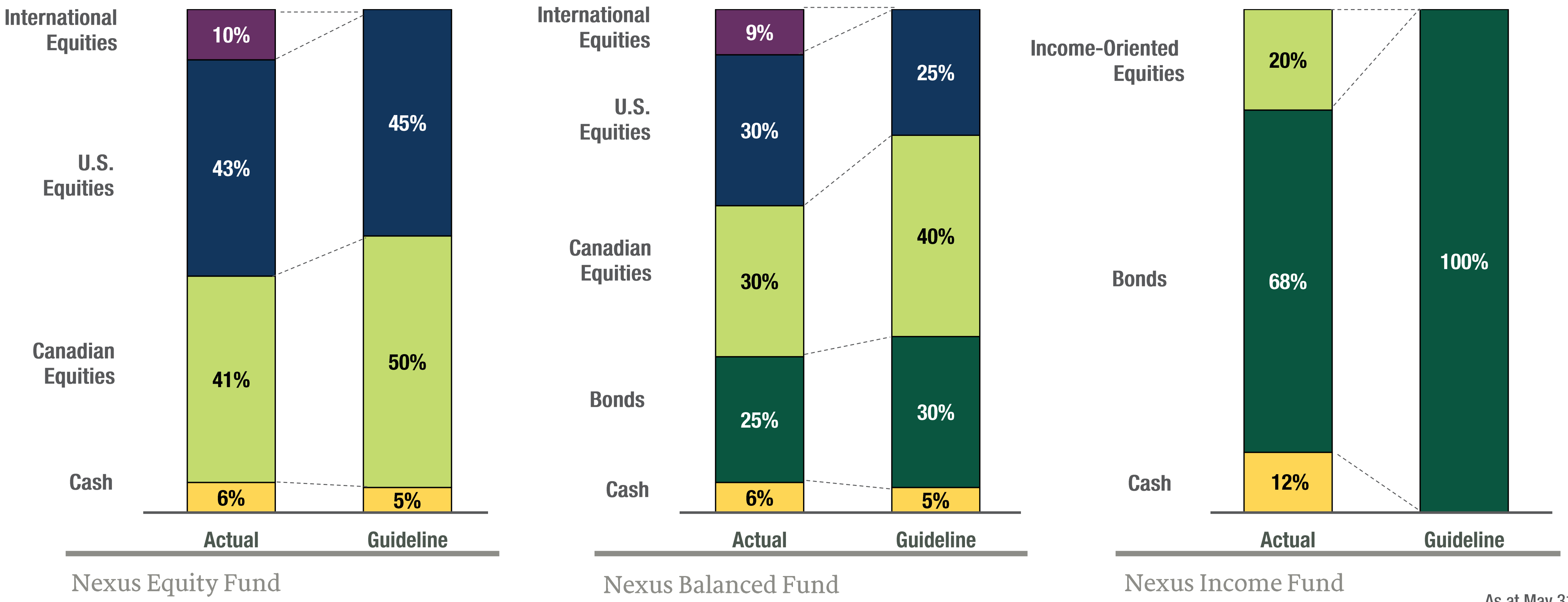
We expect the portfolio to perform well over time, despite potential inflation pressures

- Asset allocations remain broadly aligned with our long-term guidelines
- Our bond strategy anticipates rising rates
- Our high-quality stocks can navigate any inflationary pressures
- Equity turnover has remained low, but we have found new opportunities in U.S. Healthcare
- Our diversified portfolio should deliver good returns as economic activity normalizes

Portfolio Overview

Asset Allocation

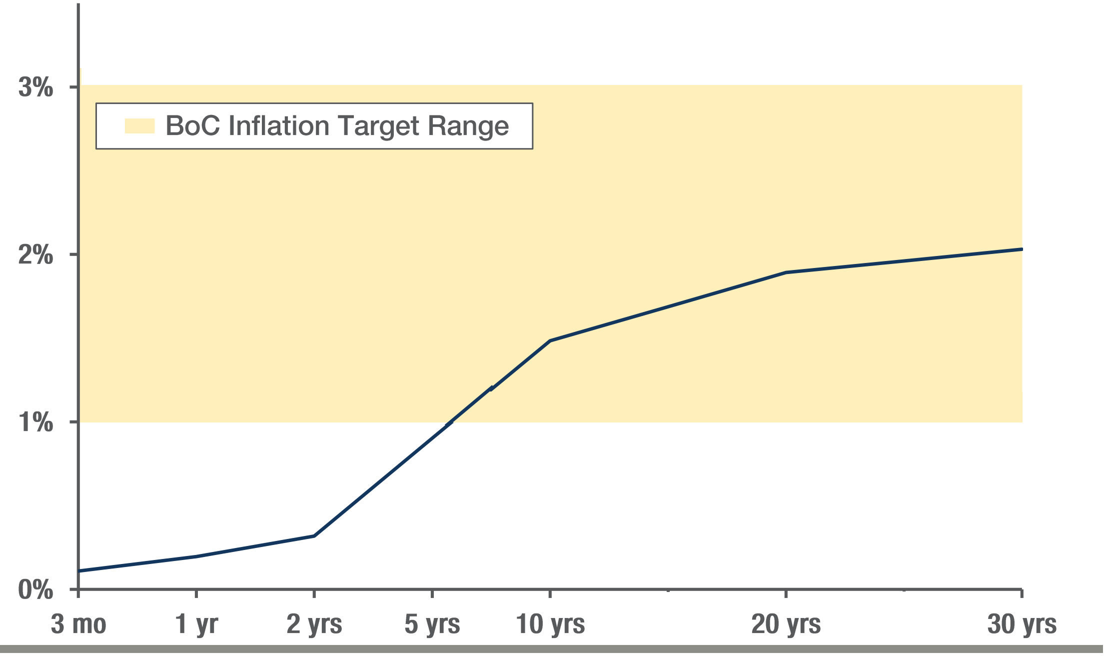
Overall equity allocations remain aligned with our long-term guidelines



As at May 31, 2021

Portfolio Overview

Bond investors seem unconcerned about the potential for higher inflation



Government of Canada Yield Curve

- Many government bonds carry negative real yields
- Even if inflation moderates, longer-dated bonds remain unattractive
- Our portfolios have an average duration of only four years, limiting downside risk in a rising-rate environment

As at May 31, 2021

Portfolio Overview

Well-managed businesses can navigate inflationary pressures

- Ability to raise prices
  - Pricing power varies across our holdings but is generally good
    - Strong competitive positions provide the flexibility to raise prices
  - Regulated businesses can eventually pass through cost increases
- Ability to manage costs
  - Finding cost savings and productivity enhancements to offset rising input prices
- Companies for which revenues rise faster than costs will benefit (e.g. energy companies)

Portfolio Overview

Equity Portfolio Changes

Equity turnover has remained low, but we have found new opportunities in U.S. Healthcare

Canadian Equities

Buy	Sell
—	—

Add	Trim
Suncor	—

Foreign Equities

Buy	Sell
CVS Health Medtronic Boston Scientific	Apple Ovintiv

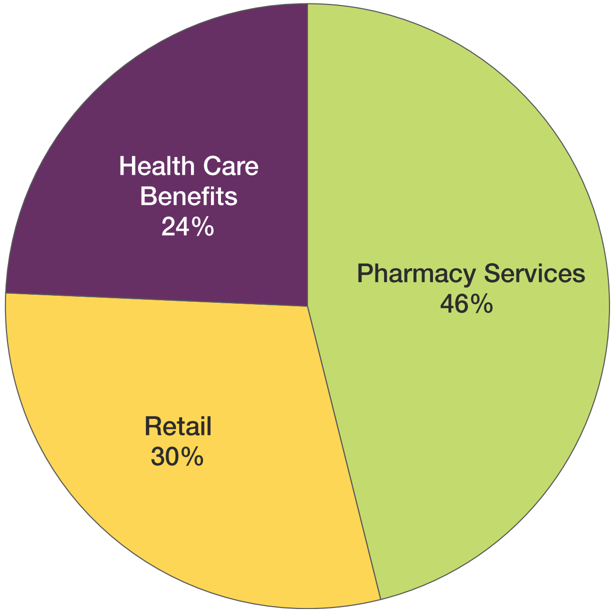
Add	Trim
—	Selected overweight stocks

12 months ended May 31, 2021

Portfolio Overview

CVS Health

We purchased a new position in CVS Health, a diversified health services company



CVS Health - Revenue by Segment (2020)

- Vertically-integrated company that provides health services and health plans in the U.S.
- Three segments
  - Retail – pharmacies, walk-in clinics, general merchandise
  - Pharmacy Services – administers prescription drug programs
  - Health Care Benefits – health insurance plans
- Total revenue of $268 billion in 2020
- Market capitalization of $110 billion

Source: Bloomberg.

Portfolio Overview

CVS has the business model and scale to succeed in a changing U.S. healthcare landscape

- Integrated business model can deliver important benefits
- CVS's scale is a key competitive advantage
- Long-term tailwinds from an ageing U.S. population and increasing drug consumption
- We invested in CVS at an attractive valuation

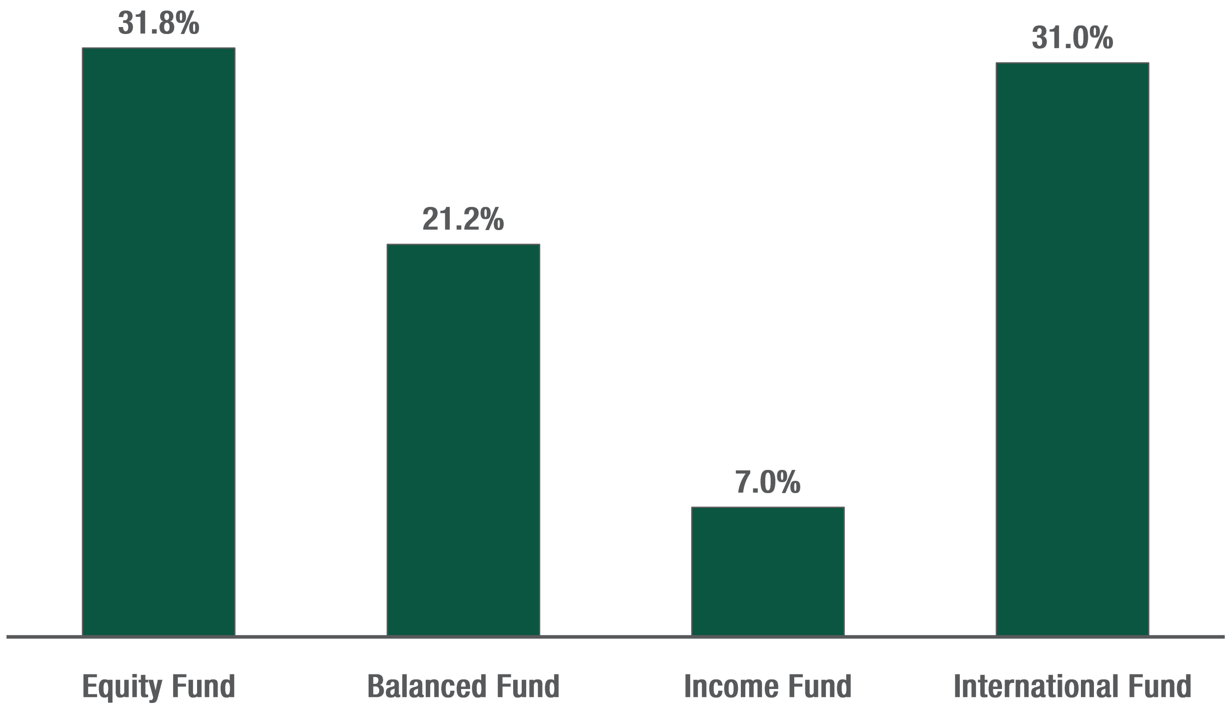
Investment Performance

Prospective economic re-opening has propelled markets to new highs

- 12-month equity returns are extraordinary
- Stock market leadership has shifted
- Nexus bond portfolio well-positioned for higher rates
- Longer-term risk / return characteristics are attractive

Investment Performance

12-month returns are remarkable in all Nexus Funds



12-Month Returns of Nexus Funds (1)

12 months ended May 31, 2021

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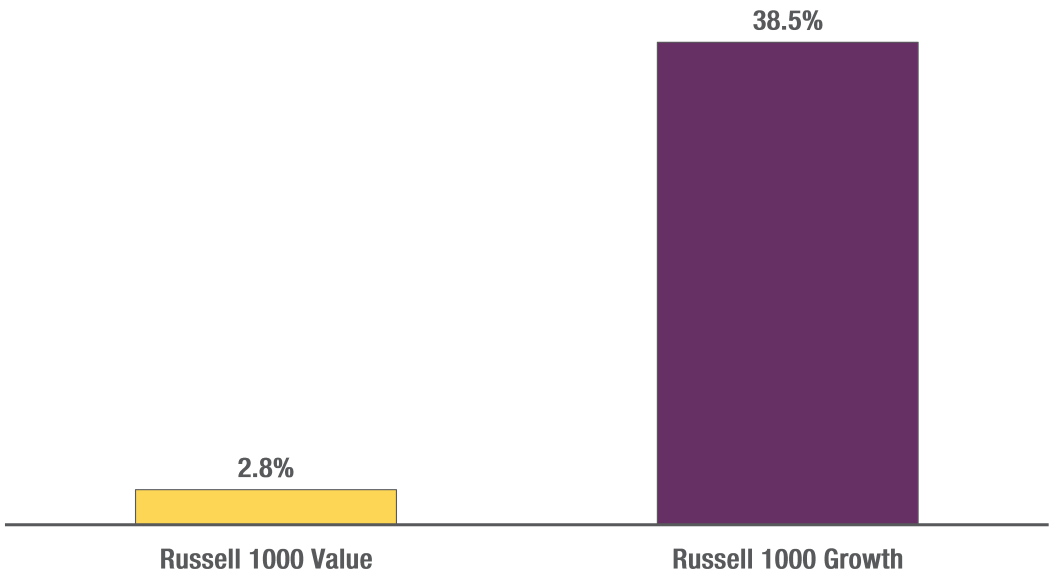
(1) Nexus return is shown *prior* to the deduction of management fees, but *after* deduction of all other expenses. Past performance is not indicative of future results.

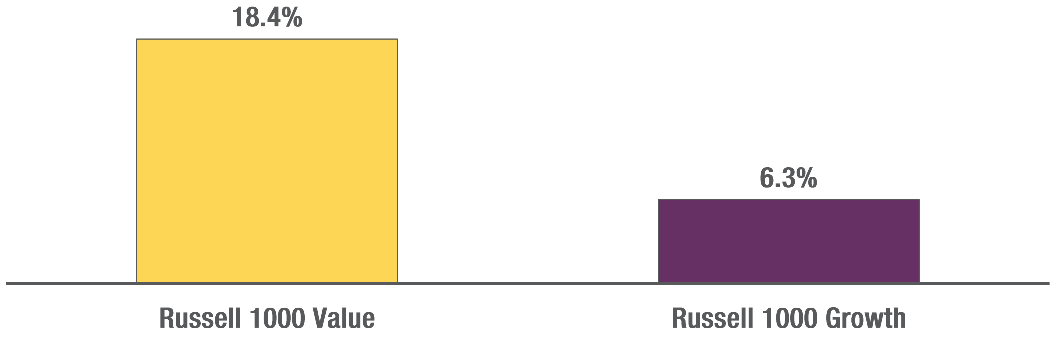
Investment Performance

Dividend-oriented, established economy stocks lagged last year…



2020 Value vs. Growth Return (in US$)

…but 2021 has seen a reversal



2021 YTD Value vs. Growth Return (in US$, as of May 31 , 2021)

Source: FTSE Russell.

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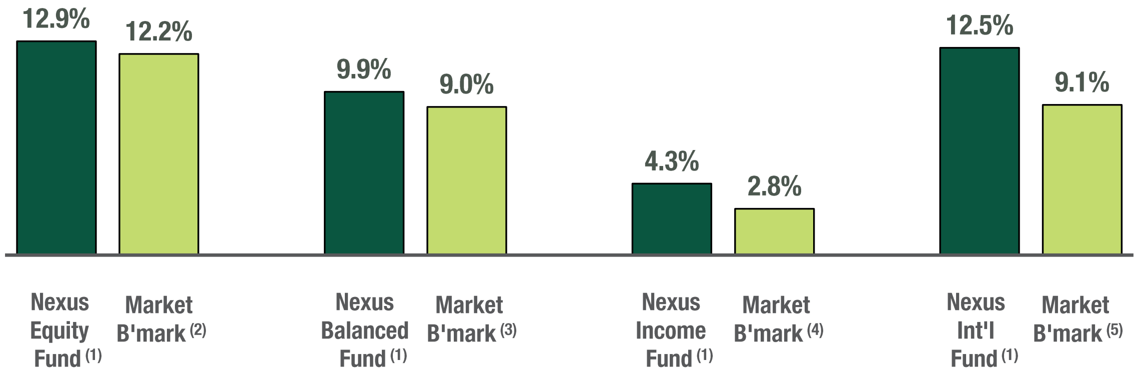
Investment Performance

5-Year returns are strong in each of the Funds



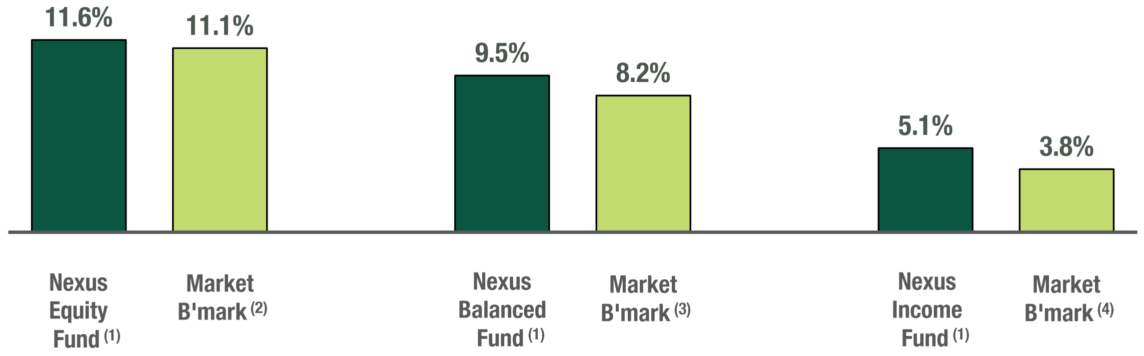
5-Year Annualized Returns

Five Years ended May 31, 2021

(1) Nexus return is the compound average annual return shown *prior* to the deduction of management fees, but *after* deduction of all other expenses. Past performance is not indicative of future results.
(2) Equity Fund market benchmark is 5% FTSE Canada 91 Day T-Bill Index, 50% TSX, and 45% S&P 500 (in C$); rebalanced monthly.
(3) Balanced Fund market benchmark is 5% FTSE Canada 91 Day T-Bill Index, 30% FTSE Canada Universe Bond Index, 40% TSX, and 25% S&P 500 (in C$); rebalanced monthly.
(4) Income Fund market benchmark is the FTSE Canada Universe Bond Index. Note that in addition to bonds, up to 20% of the Income Fund portfolio may be invested in equity securities.
(5) International Equity Fund market benchmark is 75% MSCI EAFE and 25% MSCI Emerging Markets indices (both in C$); rebalanced monthly.

Investment Performance

Fund and benchmark returns over the last decade remain better than long-term averages



10-Year Annualized Returns

Ten Years ended May 31, 2021

(1) Nexus return is the compound average annual return shown *prior* to the deduction of management fees, but *after* deduction of all other expenses. Past performance is not indicative of future results.
(2) Equity Fund market benchmark is 5% FTSE Canada 91 Day T-Bill Index, 50% TSX, and 45% S&P 500 (in C$); rebalanced monthly.
(3) Balanced Fund market benchmark is 5% FTSE Canada 91 Day T-Bill Index, 30% FTSE Canada Universe Bond Index, 40% TSX, and 25% S&P 500 (in C$); rebalanced monthly.
(4) Income Fund market benchmark is the FTSE Canada Universe Bond Index. Note that in addition to bonds, up to 20% of the Income Fund portfolio may be invested in equity securities.

Investment Performance

The outlook for our portfolios is positive

- Bond portfolio is constructed to emphasize quality and reduce price risk
  - Income-oriented equities in the Income Fund should add value over time
  - Dividend yield exceeds bond yield, with superior long-term growth and inflation protection
- North American equity portfolio is comprised of quality stocks with attractive prices
  - Established, dividend-oriented stocks
  - Modest valuations add margin of safety
  - Well-positioned for the post-COVID recovery period
- International equities continue to add diversification

Thank you

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www.nexusinvestments.com