Quarterly Investment Review

February 24, 2022

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]

- Firm assets now over $2.5 billion
- Staged return to the office underway

- Four new employees onboarded during COVID
- Most recent is Ian Ligertwood as Vice President, Operations & Technology

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

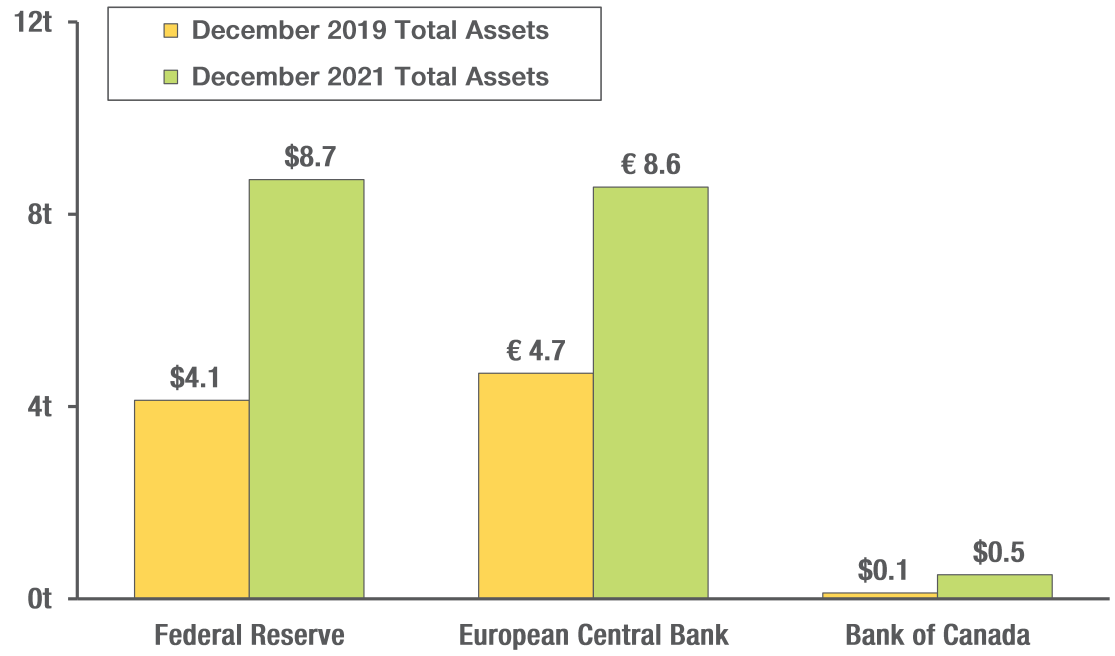
Current Environment

The North American economy is in full recovery mode

- Pandemic distortions remain
  - Ultra-easy monetary policies
  - Goods and services imbalances
  - Wealth effects
  - Labour market tightness
- Inflation is elevated – policy changes required
  - Quantitative easing measures will end
  - Interest rates to rise
  - The outlook for inflation is uncertain

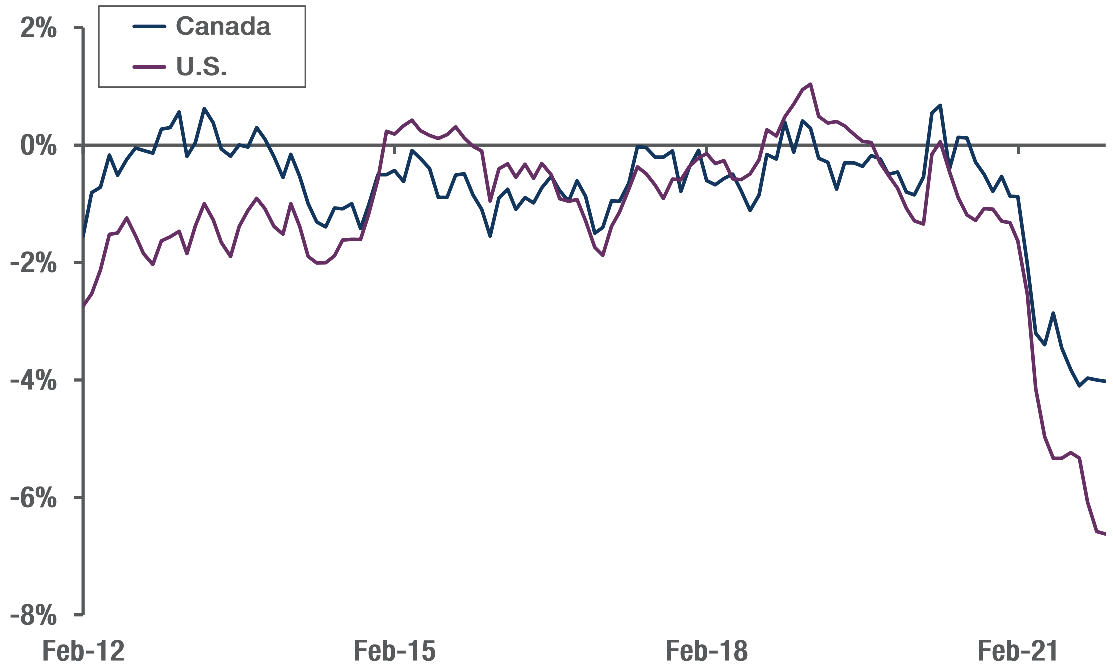
Current Environment

Easy monetary policy has resulted in artificially low interest rates



Central Bank Balance Sheets (Local Currency)

- The Fed and the ECB have doubled the size of their balance sheets
- The Bank of Canada quadrupled!



Real 1-Year Yields, Canada and U.S. [1]

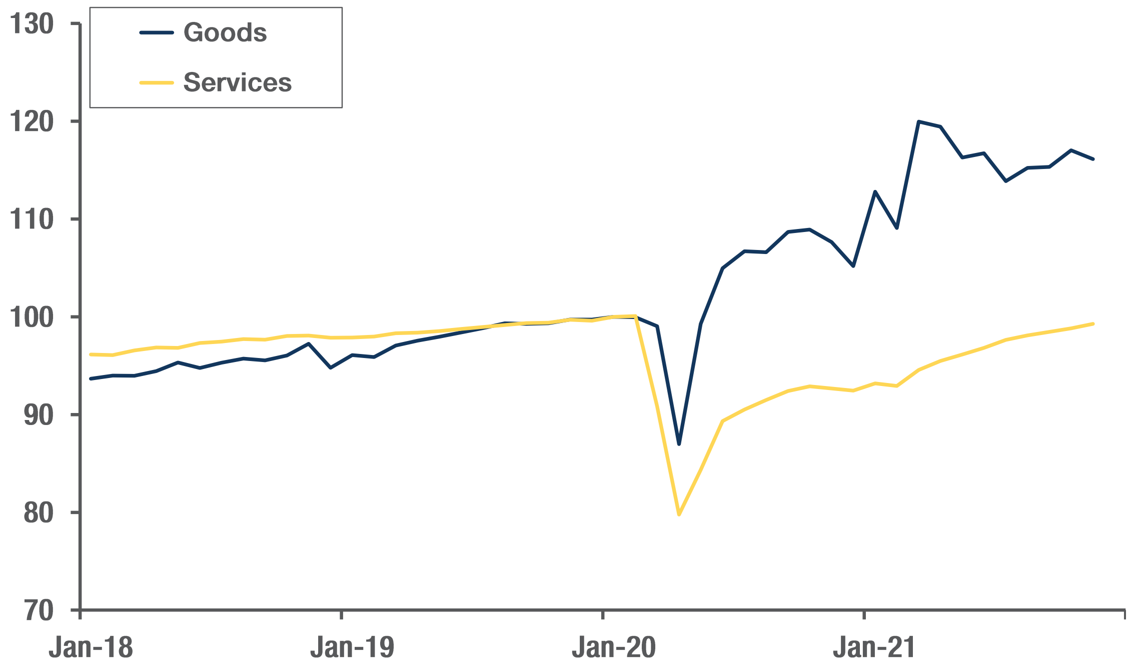
- Negative real rates inflate asset values
- The path to normal will likely come from a combination of higher rates and lower inflation

Source: Bloomberg.

[1] Adjusted for headline inflation (Consumer Price Index).

Current Environment

The goods vs. services imbalance will normalize, eventually



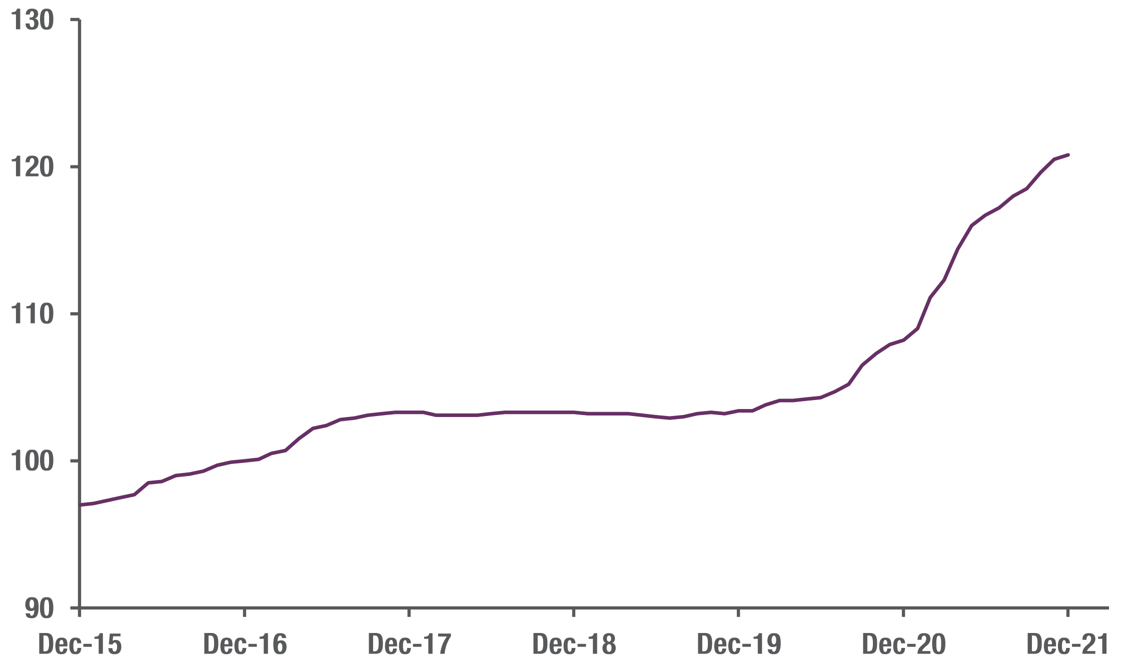
GDP for Goods and Services (U.S. Index, Normalized to January 2020)

- Services economy will catch up as health effects of the pandemic recede
- Goods demand may prove surprisingly resilient
  - Savings remain high
- Lean inventories need to be rebuilt

Source: Bloomberg.

Current Environment

Central banks have been successful in creating a wealth effect



Canada New Housing Price Index

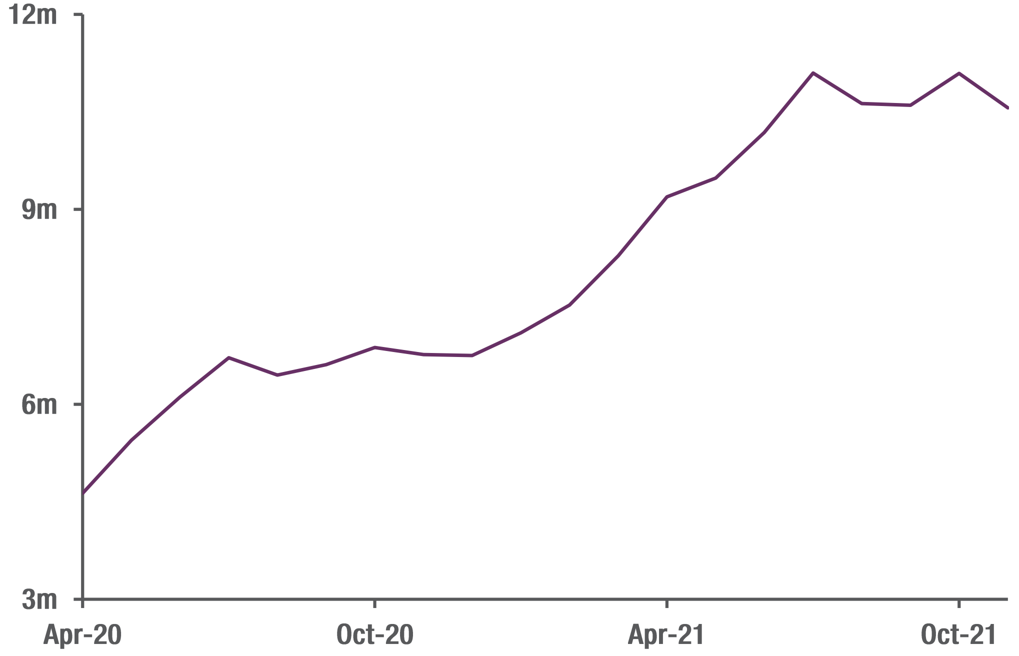
- Gains have been concentrated in higher income brackets
  - More ownership of real estate and investments
- Lower income brackets now reliant only on wage gains
  - Pandemic income support programs have ended

Source: Bloomberg.

Current Environment

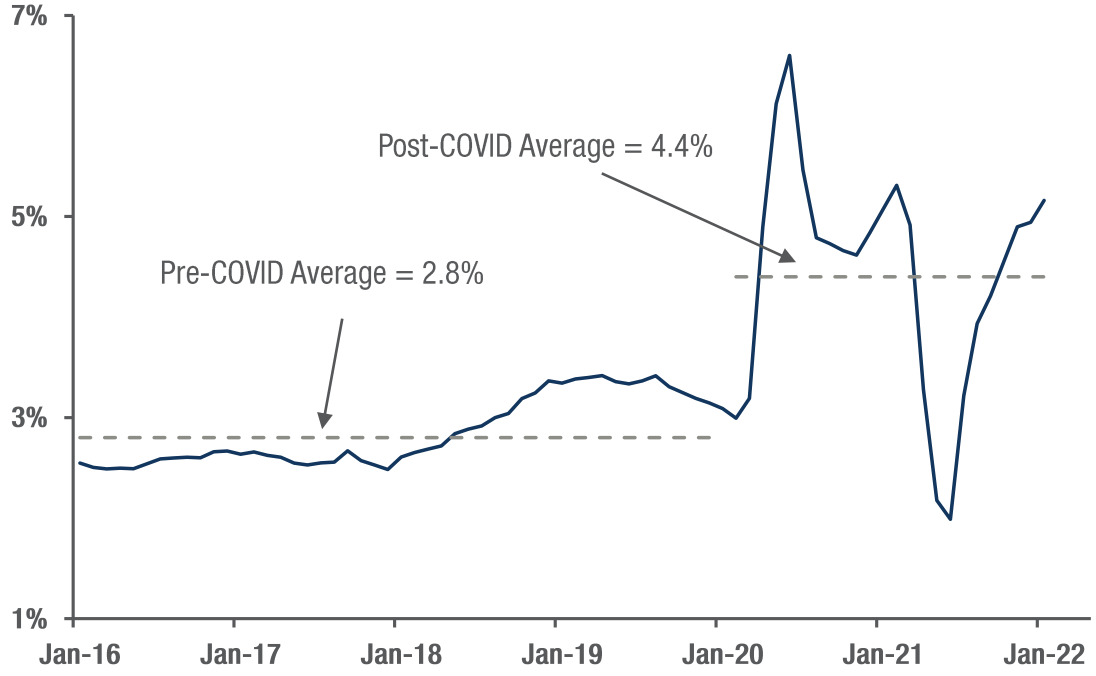
Pandemic Distortions

The labour market is incredibly tight



U.S. Job Openings

- Job openings easily exceed unemployed workforce
- Unemployment (4.0%) near 25-year lows



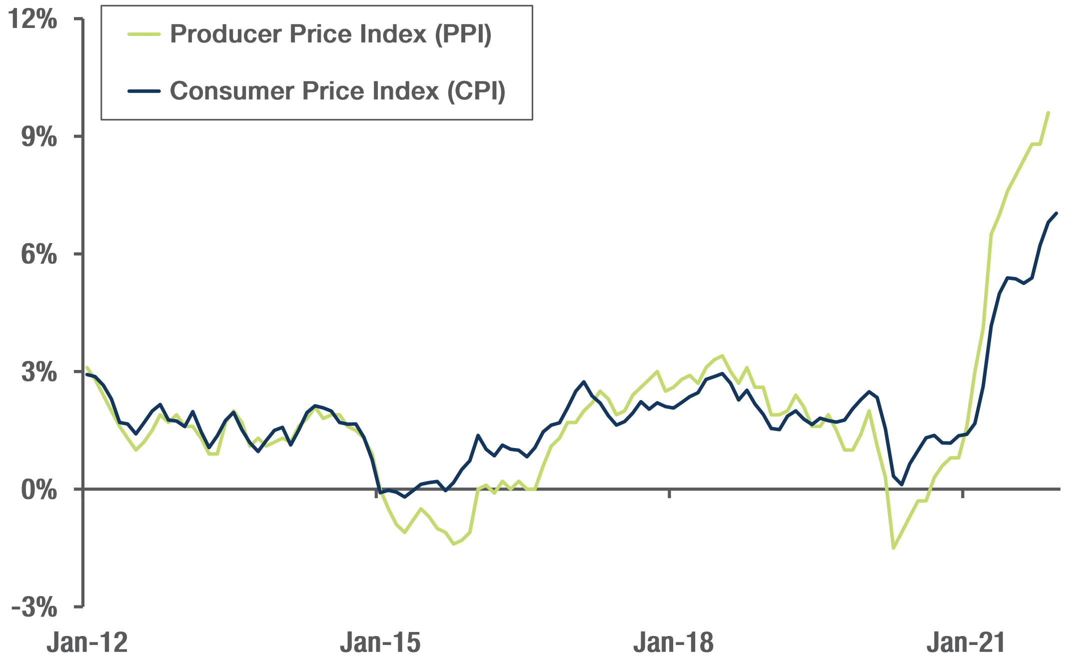
U.S. Average Hourly Earnings Increase (Year over Year)

- Rising wages risk becoming embedded in inflation expectations

Source: Bloomberg.

Current Environment

Inflation is elevated and policy changes are coming



Annual Increase in U.S. CPI & PPI

- Inflation has proven to be broader and less transitory than initially thought by Central Banks
  - Elevated PPI warns of more consumer inflation
  - Interest rates will move higher
  - Quantitative easing measures will end
- "Where to from here" depends on a number of factors
  - Pace and manner of central bank action
  - Persistence of wage gains
  - Consumer and business expectations
  - Effects of deflationary trends (e.g., digitization, globalization)

Source: Bloomberg.

Current Environment

Most likely outcome is for growth ahead

- Situation in Ukraine will weigh on markets, at least over the short-term
- Consumer in great shape
- COVID likely to wane (pandemic to endemic)
- The path of future inflation will be key
  - After years of declining rates, the world is changing
- Long-term outlook for equity markets continues to be constructive

Portfolio Overview

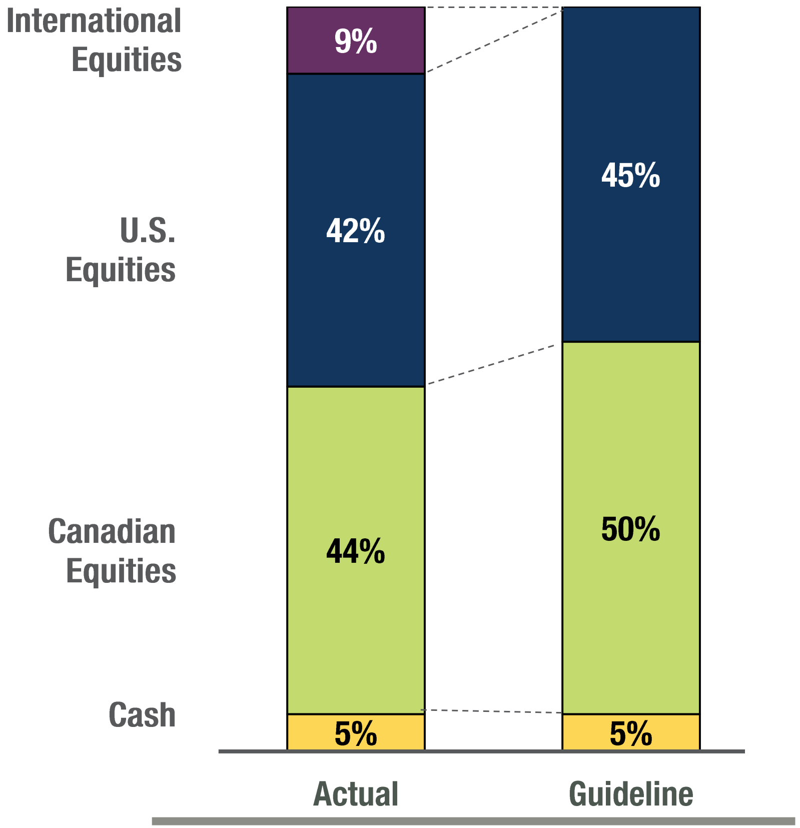
Nexus portfolios are positioned to benefit from the ongoing economic recovery

- We maintain full allocations to equities to capitalize on the recovery
- Conditions in the bond market are great for borrowers, but not for investors
- Our equities have performed well, with limited trading
- Parts of the market have shown signs of speculative excess; we remain disciplined
- The portfolios are well positioned as markets navigate the transition from pandemic to endemic

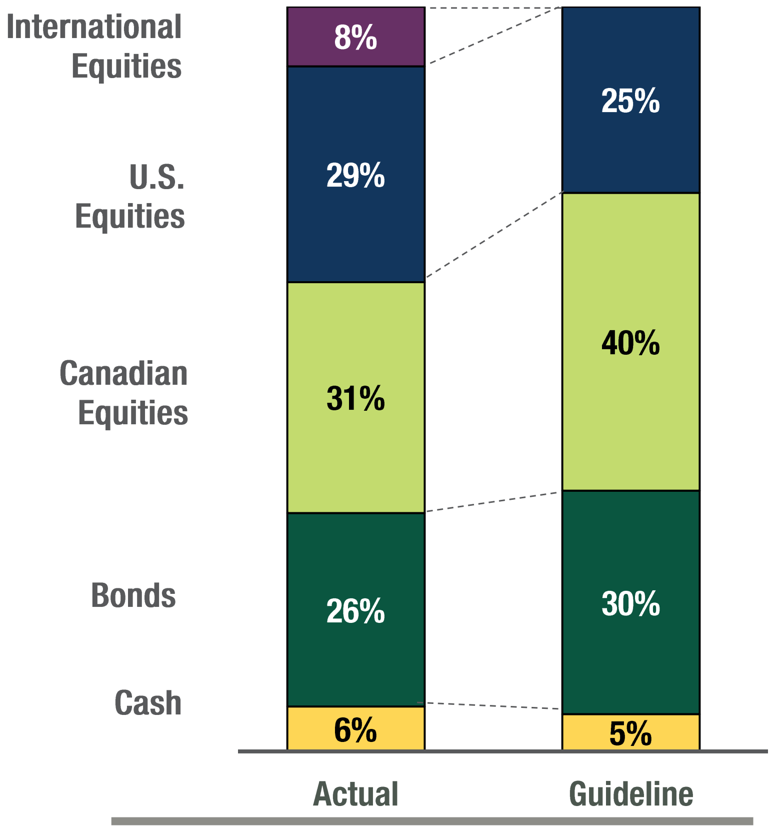
Portfolio Overview

Asset Allocation

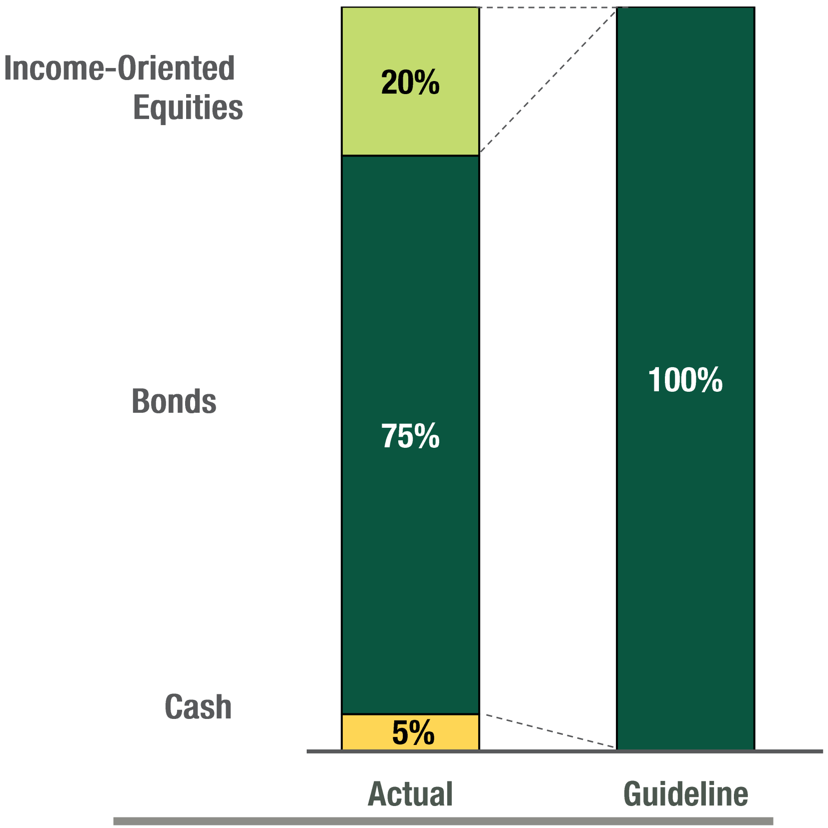
We maintain full exposure to equities to capitalize on the continued market recovery



Nexus Equity Fund



Nexus Balanced Fund



Nexus Income Fund

As at January 31, 2022

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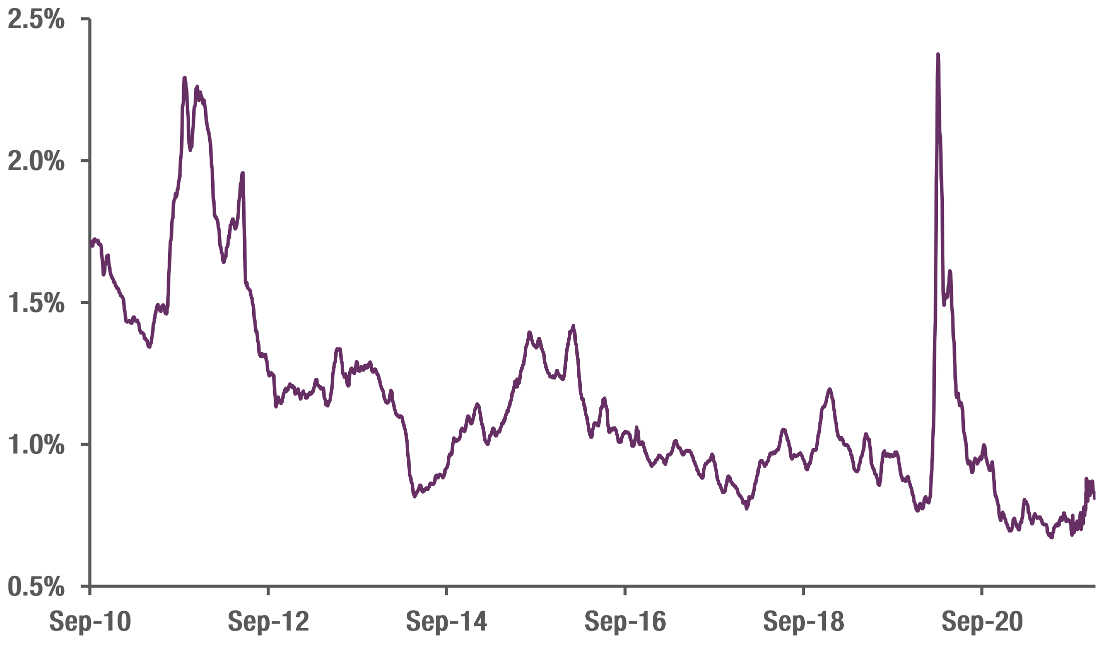
Portfolio Overview

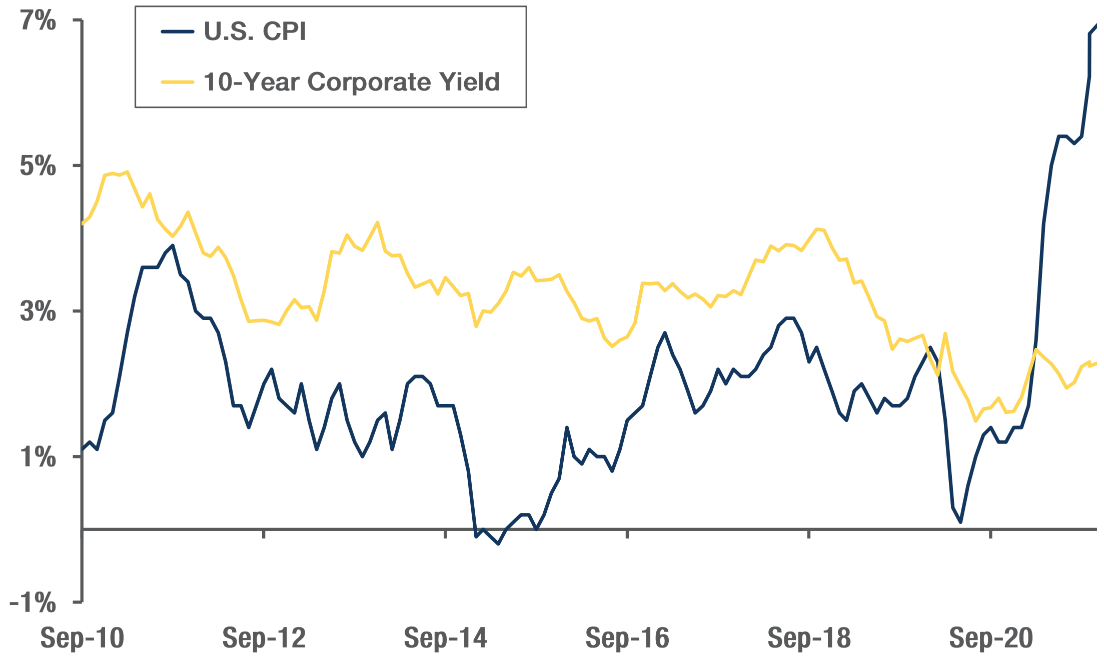
Fixed Income

Current conditions are great for fixed income borrowers, but not for investors



Historical Spread [1] on U.S. Corporate Bonds [2]

- Corporate bond spreads are tight
- Businesses are taking advantage: 2021 was a record year for corporate borrowing



U.S. CPI & 10-Year Corporate Bond Yield

- Most corporate bond yields are well below current inflation rates. This is true in both Canada and the U.S.

Source: Scotiabank Global Markets, Bloomberg.

[1] Spread is the incremental cost of debt for a corporate bond issuer compared to a Government of Canada bond of the same term.

[2] Represented by an index of 10-year maturity, A-rated corporate bonds.

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Portfolio Overview

Equity Portfolio Changes

The portfolio has performed well with limited trading, however we have added new holdings when opportunity arose

Canadian Equities

Buy	Sell
ARC Resources	—

Add	Trim
Suncor Primaris REIT	—

Foreign Equities

Buy	Sell
BMW CVS Health	Ovintiv

Add	Trim
—	—

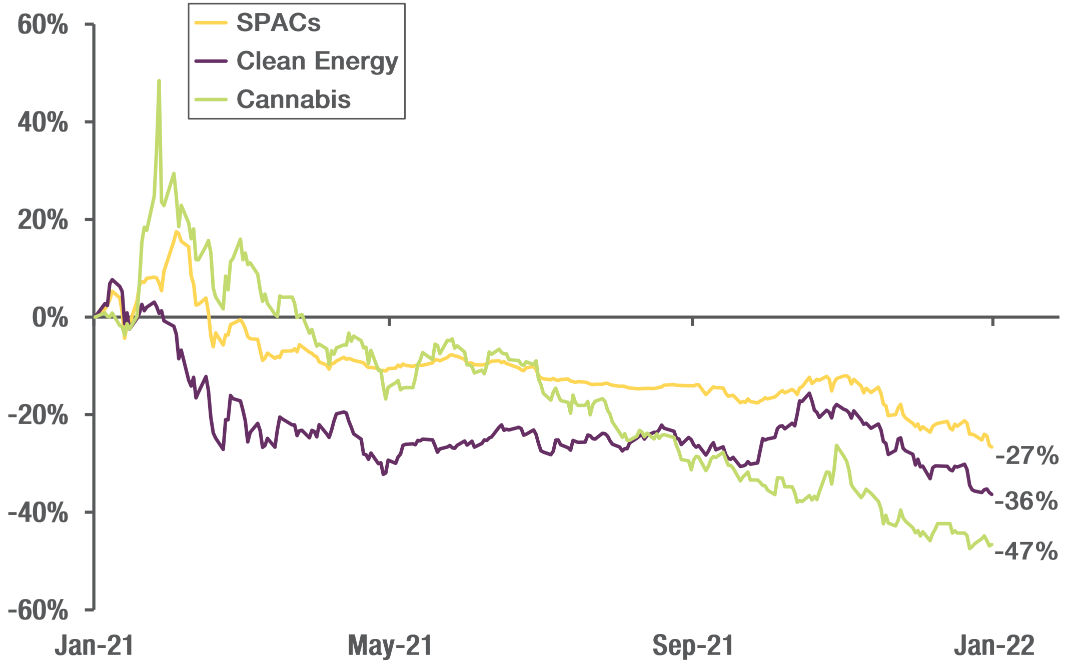
12 months ended January 31, 2022

Portfolio Overview

Equity Valuations

Parts of the market have shown signs of speculative excess, and subsequent decline

- SPACs
- Clean energy
- Cannabis
- Meme stocks
- Young unprofitable companies (“YUCs”)
- Crypto currencies
- NFTs (non-fungible tokens)



1-Year Performance of Cannabis, Clean Energy, and SPAC investments [1]

Source: Wall Street Journal, Bloomberg.

[1] Displayed data is the total return for the period January 15, 2021 to January 14, 2022. The cannabis returns shown are the performance of the Solactive North American Marijuana Index, which tracks the performance of companies with significant business activities in the marijuana industry. SPAC returns are represented by the IPOX SPAC Index, which tracks the performance of U.S. Special Purpose Acquisition Companies (SPACs). Clean energy returns are represented by the iShares Global Clean Energy exchange traded fund.

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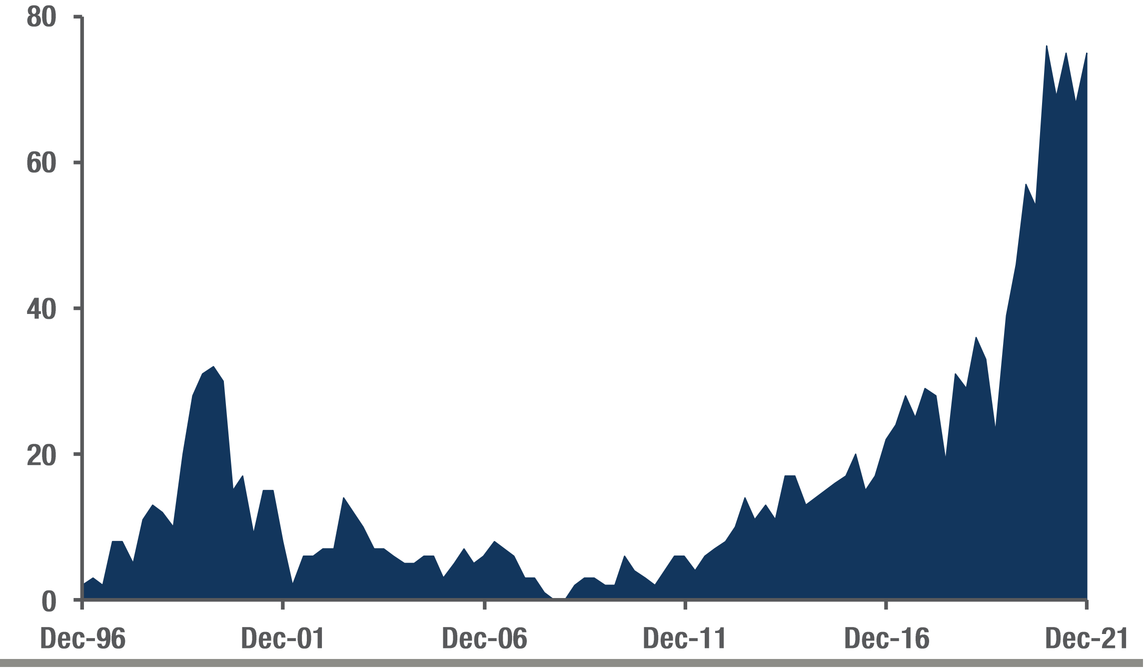
Portfolio Overview

The record number of highly valued companies suggests disappointment may lie ahead for speculative investors



Number of S&P 500 Companies with Price/Sales ratio > 10x

"Two years ago, we were selling at 10 times revenues.… At 10 times revenues, to give [you, our shareholders] a 10-year payback, I have to pay you 100% of revenues for 10 straight years in dividends. That assumes … I have zero cost of goods sold, … zero expenses, which is really hard with 39,000 employees… I pay no taxes.… And that assumes you pay no taxes on your dividends, which is illegal. And that assumes with zero R&D for the next 10 years, I can maintain the current revenue run rate. … Do you realize how ridiculous those assumptions are? What were you thinking?"

- Scott McNealy, Sun Microsystems CEO in 2002

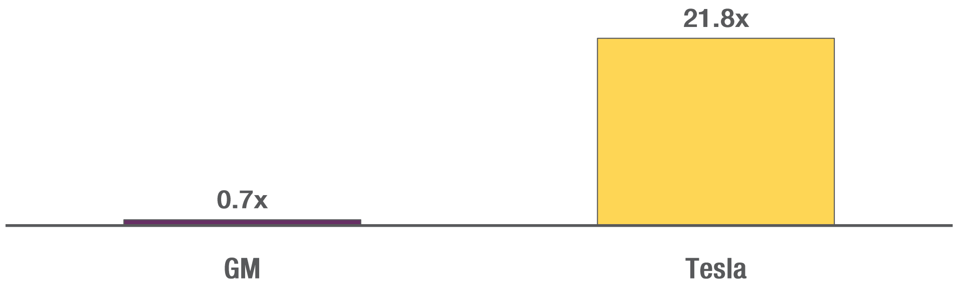
- At the peak of the dotcom frenzy in 2000, Sun Microsystems had a market capitalization of almost $200 billion; by the end of 2002, it had fallen to $10 billion

Source: Grant's Interest Rate Observer, Bloomberg.

Portfolio Overview

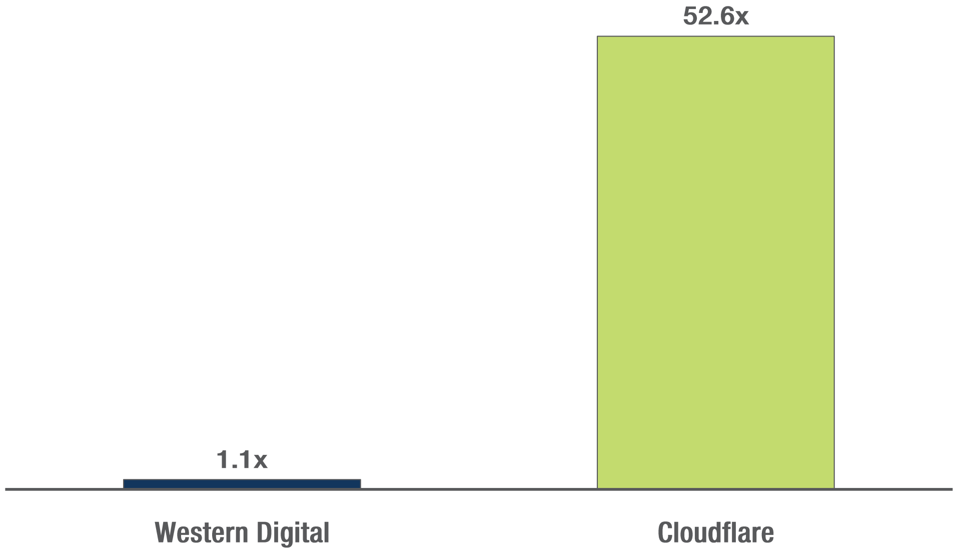
Equity Valuations

Large disparities are evident in today's stock valuations



Automotive Companies Price to Sales Ratio

- GM's last 12 months net income = $11.4 billion
- Tesla's last 12 months net income = $3.5 billion



Tech Companies Price to Sales Ratio

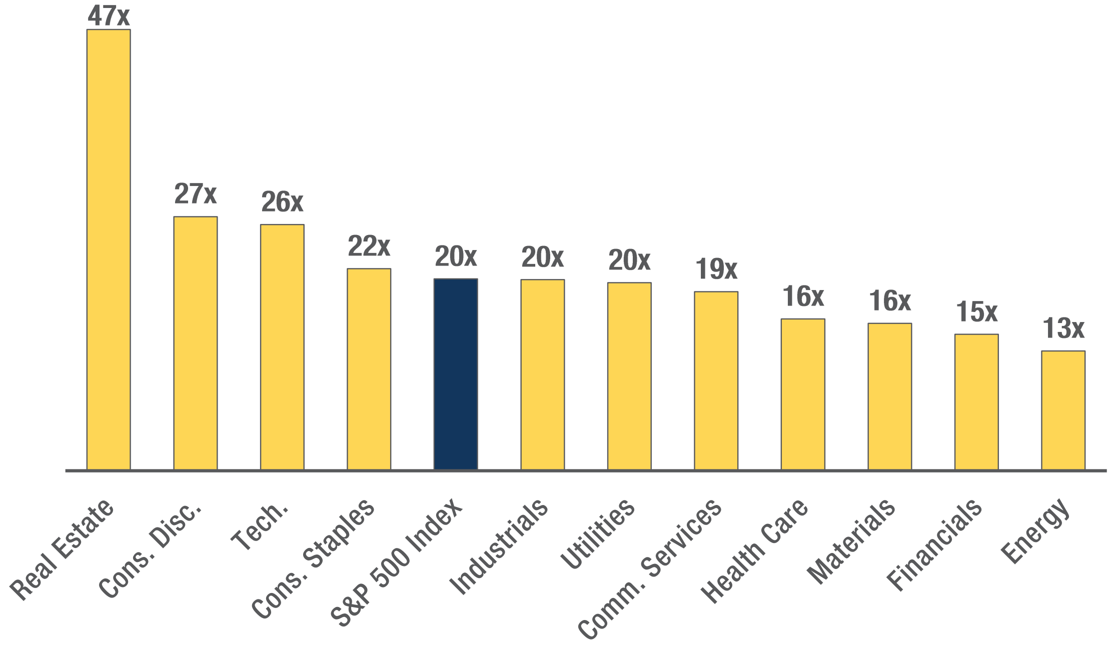
- Western Digital's last 12 months net income = $1.3 billion
- Cloudflare's last 12 months net loss = -$0.2 billion

As at January 21, 2022

Source: Bloomberg.

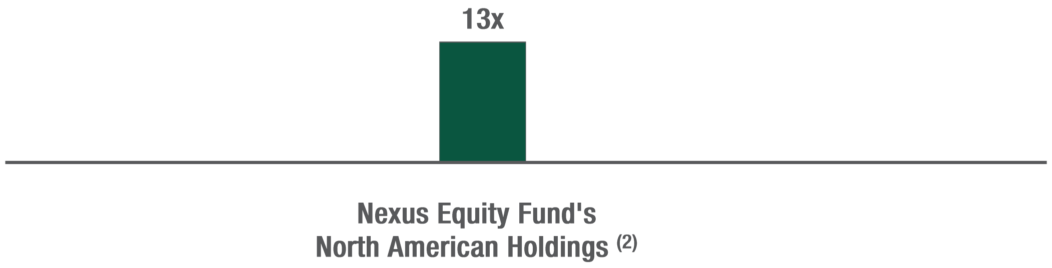
Portfolio Overview

We remain disciplined on valuation and selective about what we hold



Forward Price/Earnings Ratio for S&P 500 sectors (1)

- There are also large valuation disparities within sectors



Forward Price/Earnings Ratio for the Nexus Equity Fund (1)

- The Nexus Equity Fund is attractively valued overall, and is well diversified across sectors

Source: Bloomberg.

(1) The forward price/earnings ratios are based on Bloomberg consensus estimates for earnings in the next 12 months as of January 21, 2022 and are calculated using a weighted harmonic mean.

(2) Calculation excludes cash and International Fund holdings.

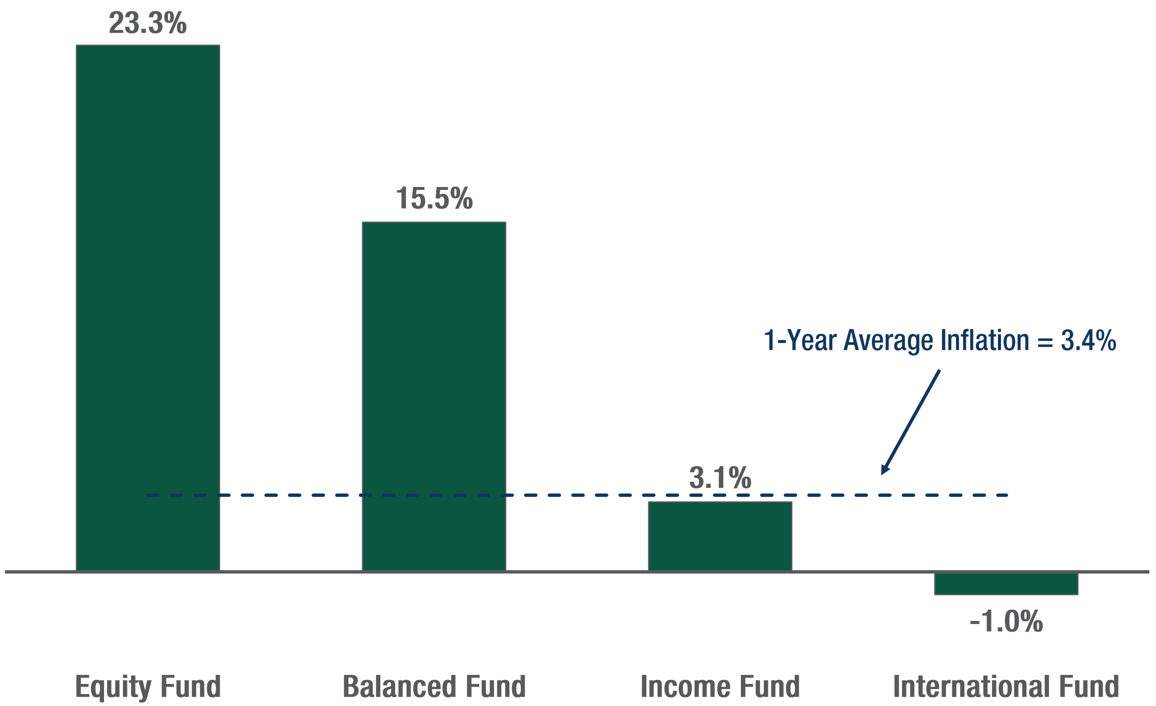
Investment Performance

Portfolio returns have been excellent over the last year

- Canadian and U.S. equity returns remarkably strong
  - International stock markets have been more challenging; particularly emerging markets
- Rising interest rates have led to small losses in the bond market
  - Nexus's shorter maturity positioning resulted in good relative performance
- Longer-term risk / return characteristics are attractive
  - Our approach differs from the indices – performance will inevitably diverge at times

Investment Performance

Canadian and U.S. equities were the principal drivers of investment returns



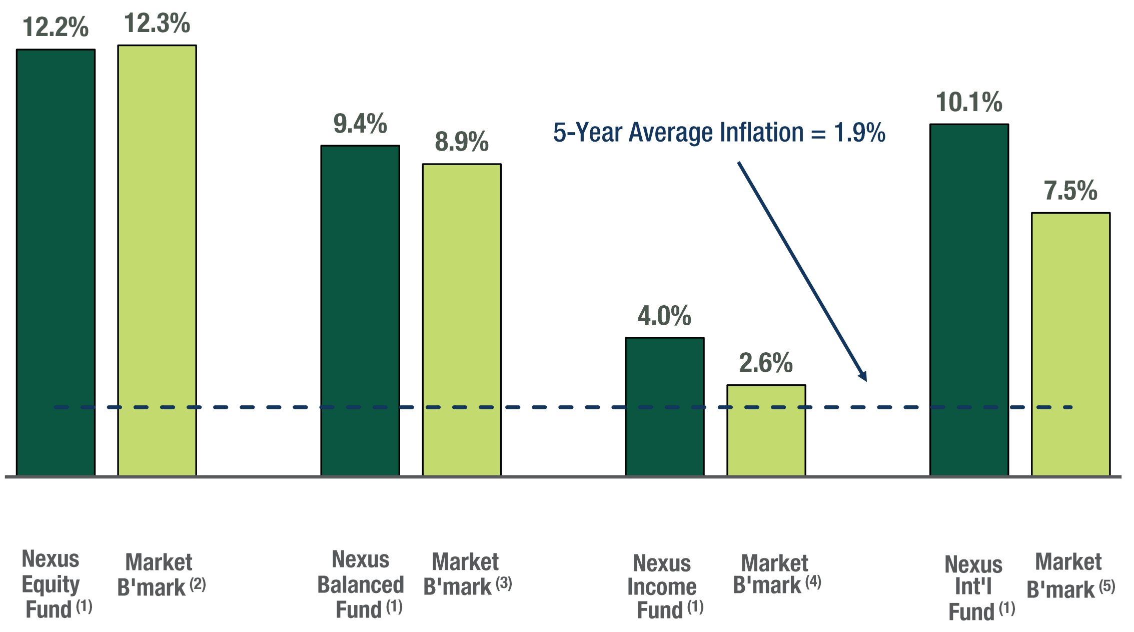
12-Month Return of Nexus Funds [1]

12 months ended January 31, 2022

[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

5-Year returns are good for each of the Funds



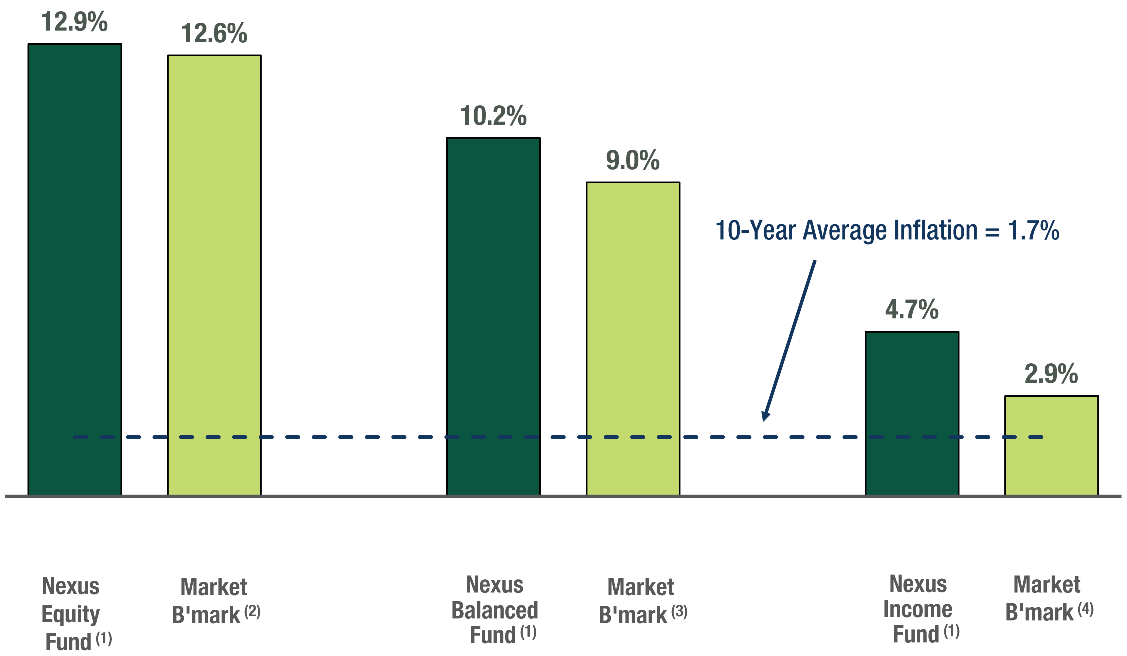
5-Year Annualized Return

Five Years ended January 31, 2022

(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 Return

Ten Years ended January 31, 2022

(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.

Outlook

We are cautiously optimistic

- Nexus Income Fund is constructed to emphasize quality and reduce price risk
  - Credit quality is high, average bond maturities are short
  - 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
  - Reasonable valuations add margin of safety
  - Well-positioned for the post-COVID world and for a higher inflation environment
- International equities continue to add diversification
  - Higher dividend yields and lower valuations than North America

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Guiding investors with *thoughtful* wealth planning.