Quarterly Investment Review

May 18, 2023

NEXUS

Agenda

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

Inside Nexus

We have two new additions to our Nexus team

Harsh Narsinghani, CFA

- Vice President & Portfolio Manager

Eileen Firth

- Senior Client Service Associate

Current Environment

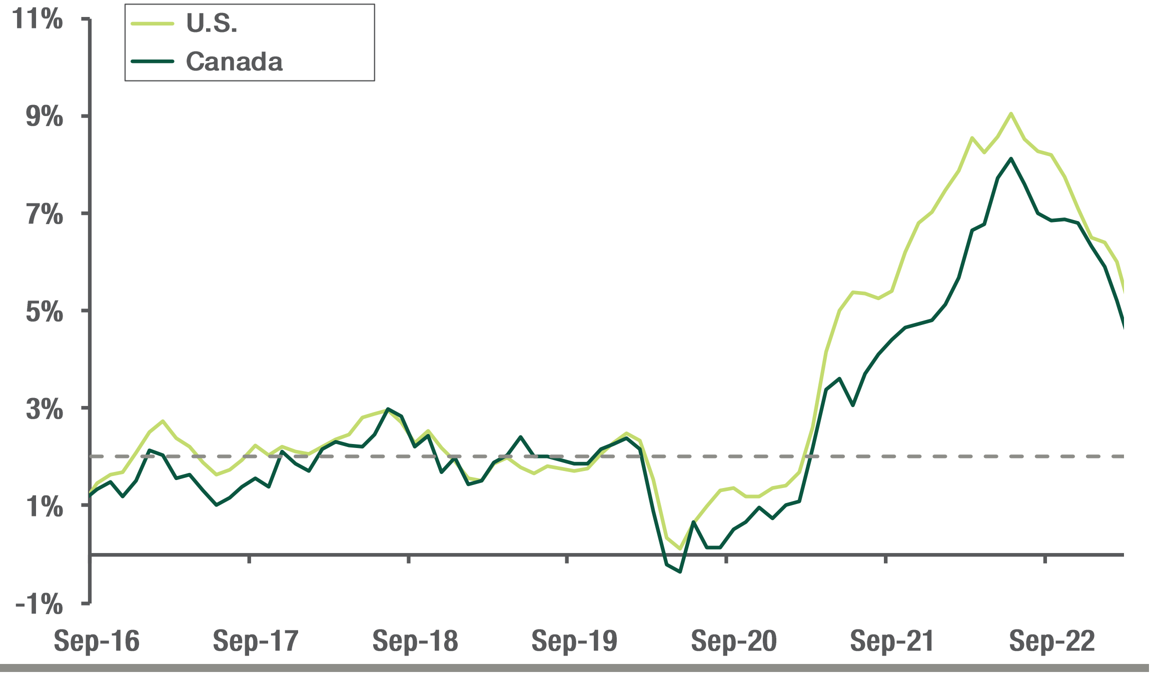
Tighter monetary conditions are having expected effects

- Central banks remain focused on inflation
  - Inflation is moderating but not yet conquered
  - Policy divergences are beginning to emerge
- Tight labour markets remain a source of economic support
  - Labour income has trailed inflation, but households are still spending
  - Pandemic distortions are beginning to fade
- Economic growth is slowing
  - U.S. regional bank issues will result in tighter credit conditions
- Geopolitics an undeniable overhang

Current Environment

Inflation and Central Banks

Inflation moderating, but not conquered



Consumer Price Inflation (YoY)

- Inflation is still a long way from 2%

March 2023

"Let me reassure you, we are determined to fight inflation and return it to 2%."

-Christine Lagarde , ECB president

March 2023

"…Over the past year we have taken forceful actions to tighten the stance of monetary policy. We have covered a lot of ground, and the full effects of our tightening so far are yet to be felt. Even so, we have more work to do."

– Jay Powell, Chair U.S. Federal Reserve

April 2023

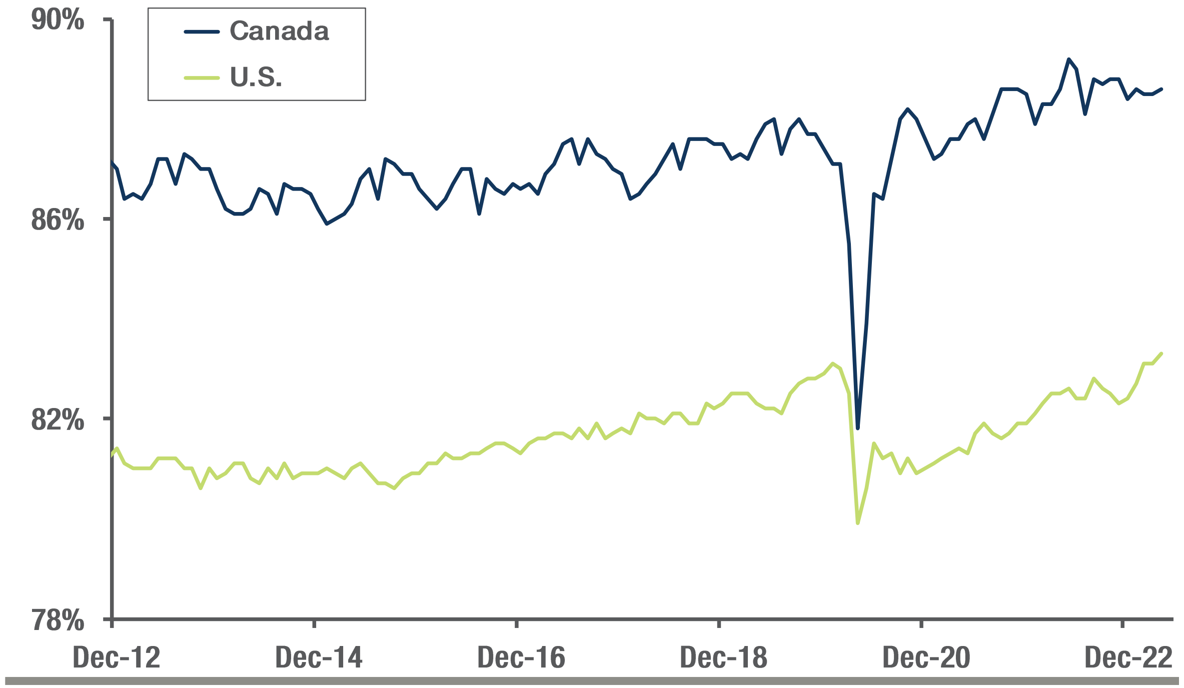
"Recent data is reinforcing Governing Council's confidence that inflation will continue to decline in the next few months. However, getting inflation the rest of the way back to 2% could prove to be more difficult because inflation expectations are coming down slowly, service price inflation and wage growth remain elevated, and corporate pricing behaviour has yet to normalize"

– Bank of Canada Press Release

Source: Bloomberg, Statistics Canada, U.S. Bureau of Labor Statistics.

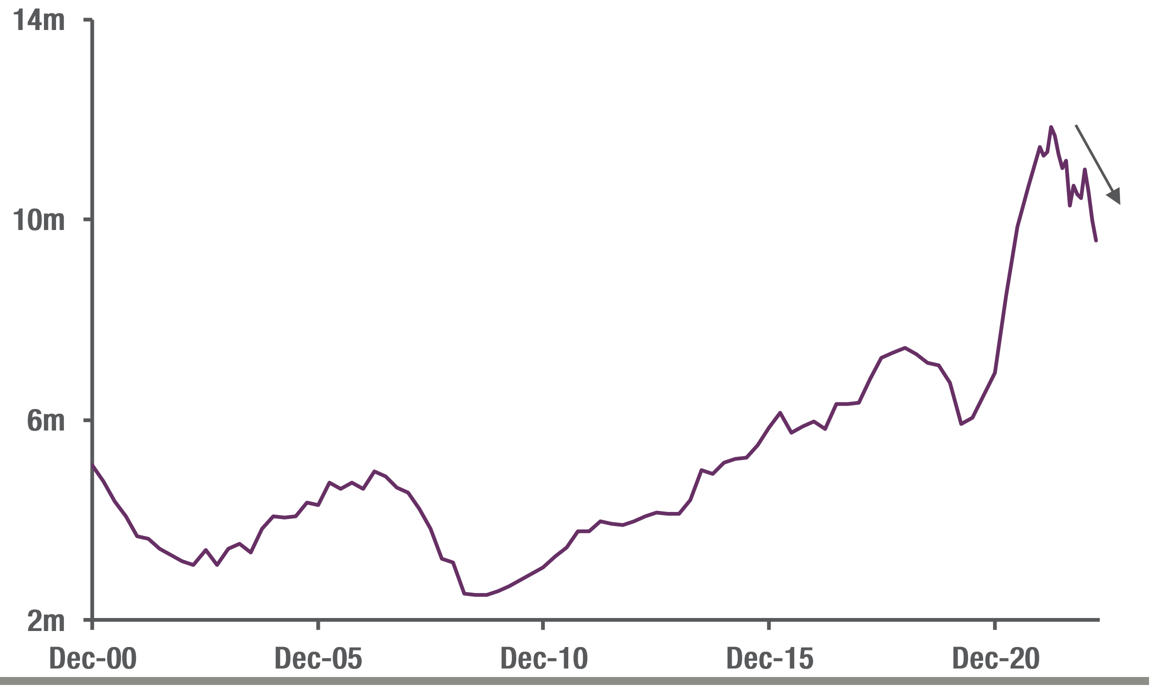
Current Environment

Pandemic labour distortions beginning to fade



Labour Force Participation Rate for Prime-Age Workers

- Elevated participation rates support aggregate demand
- Canadian and U.S. unemployment rates still near record low



U.S. Job Openings

- Unfilled job openings remain elevated but are now declining

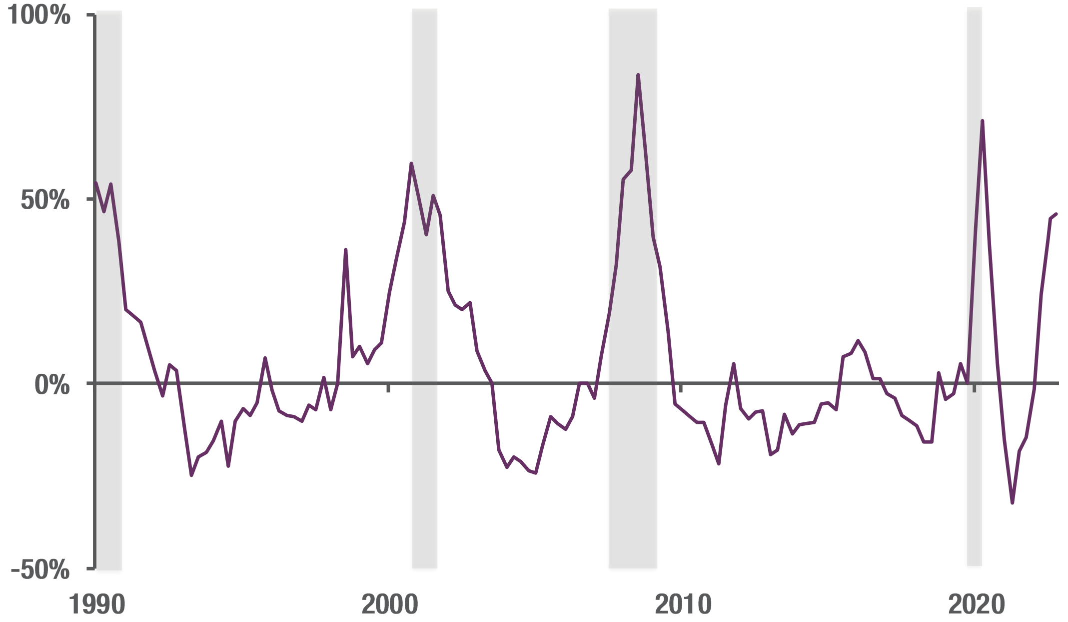
Source: Bloomberg.

Current Environment

Economic Growth

Regional bank turmoil has created challenges

- Regional banks initially faced a funding problem
  - Investors pulled cash on concerns about viability
  - The Bank Term Funding Program has alleviated concerns for now
- Now, tighter lending standards are the current challenge
  - Reduced credit availability could significantly impact small businesses



Percent of Loan Officers Reporting Tightening Lending Standards [1]

- Borrowing costs are increasing and credit availability is tightening

Source: Bloomberg.

[1] For Commercial and industrial loans to large and middle-market firms. Shaded areas represent periods of economic recession.

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Current Environment

There's a lot to worry about …

- Ukraine-Russia war
- U.S. regional bank concerns
- Political turmoil in Washington
- China
  - Taiwan
  - Real estate
- OPEC+

"Less than expected" bad news would be good news

Current Environment

Economic slowdown ≠ market disaster

- Outlook – economic and geopolitical – remains uncertain
  - Recession a possibility, but not a certainty
  - Bank restructurings introduce temporary volatility
- Capital markets anticipate bad news
  - “Fed watching” not a requirement for long-term investing success
- Market timing is impossible – instead, favour high-quality investments

Portfolio Overview

Nexus portfolios are positioned for the long term

- Market timing is tempting
  - There are always things to worry about
  - The emotional pull to "do something" is strong
- The evidence suggests that market timing is a losing proposition
  - While potential market risks can be readily identified, it is nearly impossible to predict what will occur, or when
  - The financial consequences of bad market timing can be significant
  - Staying invested is critical to long-term investing success
- Overall equity allocations are near our long-term guidelines
- Fixed income portfolios still positioned for the expectation of higher yields

Portfolio Overview

Market Timing

There are plenty of concerns today…

- Ukraine-Russia war
- U.S. regional bank concerns
- Political turmoil in Washington
- China
- OPEC+

… but there are always reasons to worry

- 9/11
- Global Financial Crisis
- BP oil spill
- S&P downgrades U.S. debt
- Ebola virus
- Brexit
- U.S. elections
- Trade war
- COVID pandemic
- Inflation

Portfolio Overview

It’s tempting to “do something” to avoid these known risks

- Some investors are compelled to try to time the market
  - Sell to avoid predicted risks
  - “Doing something” feels like progress – leads to emotionally-driven buy high/sell low errors
- Others remain paralyzed, waiting for the right time to jump in
  - Sitting on cash until the storm clouds pass

Portfolio Overview

The world is filled with potential risks, but predicting when they arise is nearly impossible

Economic confrontations
Domestic political polarization
Extreme heat waves
Destruction of natural ecosystems
Cyberattacks: infrastructure
Protectionism on trade/investment
Populist and nativist agendas
Cyberattacks: theft of money/data
Recession in a major economy

Ranking of Key Short-Term Risks at the Beginning of 2020 [1]

- Risk identification is the easy part

Global pandemic

Actual Top Risk of 2020

- Correctly predicting the "what & when" is easier said than done

Source: World Economic Forum (WEF), The Global Risks Report 2020.

[1] The list is based on the WEF's Global Risks Perception Survey. It asked participants from business, government, civil society and thought leaders to assess whether the risks associated with 40 current issues would increase or decrease in 2020.

Even the brightest minds can't predict the path of markets

April 17, 2023

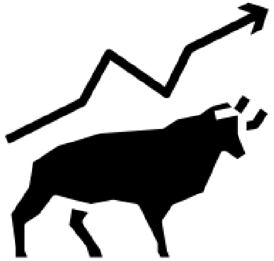
"We think the recent collapse in breadth is the market's way of warning us we are far from out of the woods with this bear market."

-Michael Wilson, Morgan Stanley

April 14, 2023

"We've had two consecutive quarters of gains. That hasn't happened in a bear market since 1950. So I know it doesn't feel like it, but I think it's a really bullish narrative that's driving markets right now."

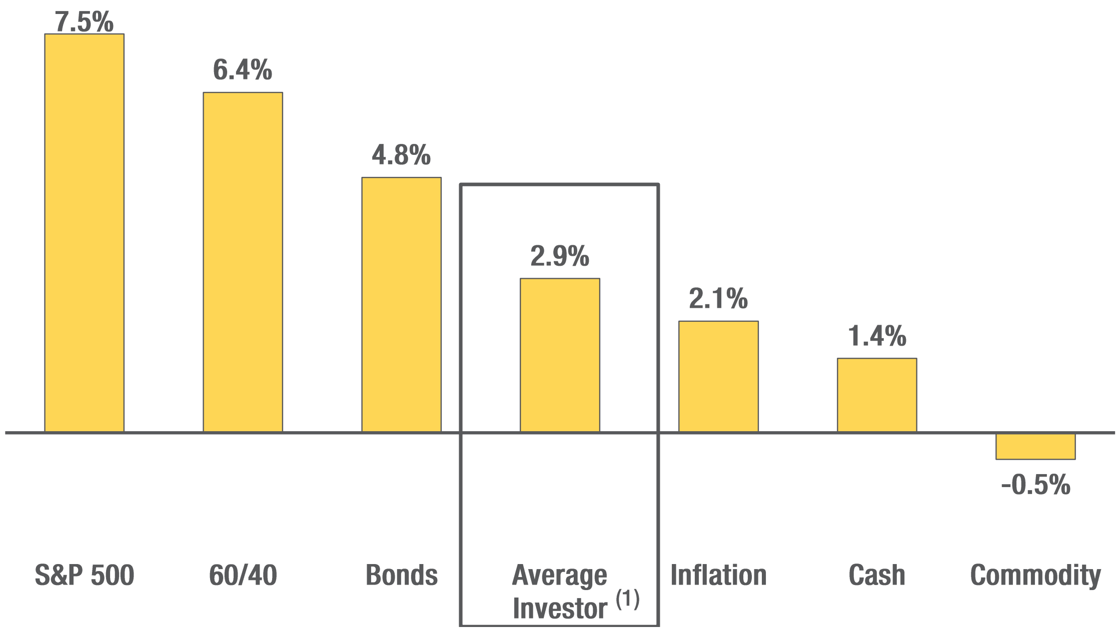
-Tom Lee, Fundstrat



Source: CNBC, Bloomberg.

Portfolio Overview

Attempting to time the market is a losing proposition



20-year Annualized Return by Asset Class (2001 – 2020)

- The average mutual fund investor has badly underperformed, in part due to misplaced attempts to trade in and out of the market
- The financial consequences of this behaviour are significant [2]

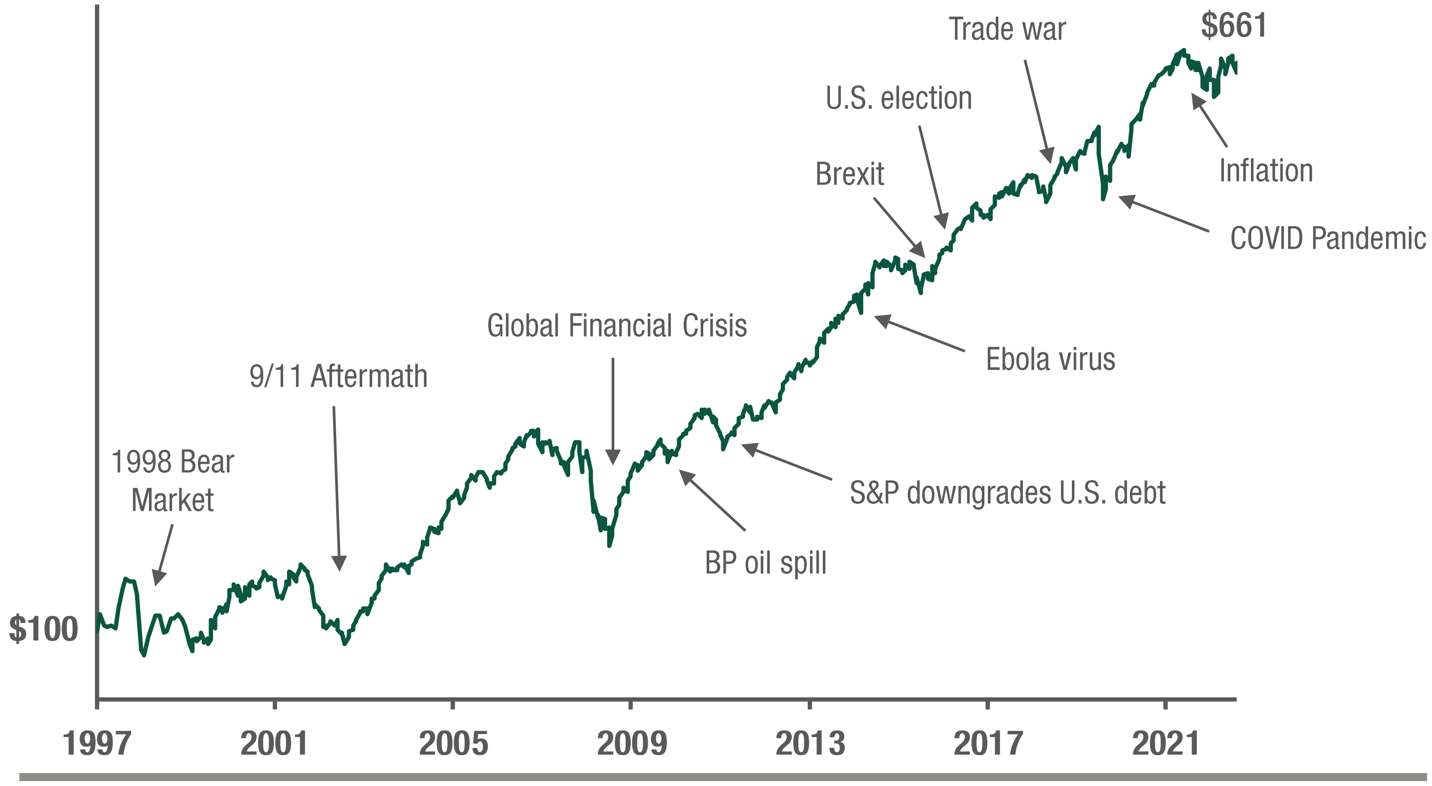
Value of a $10,000 Starting Investment (2002 – 2022) [3]

- The cost of missing the best days in the stock market is high
- The best days tend to occur near the end of bad periods – precisely when concerned investors tend to be out of the market

Source: J.P.Morgan Asset Management, Bloomberg.
[1] Data as of December 31, 2020. The performance of the average investor is based on analysis by Dalbar Inc., which measured the effects of investor decisions to buy, sell and switch into and out of mutual funds.
[2] An average investor starting with a $1 million portfolio would have missed out on $1.7 million in gains over 20 years, as compared to an investor in a 60/40 equity/bond portfolio.
[3] Chart is based on time-weighted, U.S. dollar total rates of return for the S&P 500 Index (without any deduction for withholding taxes, trading commissions or other expenses), and assumes a zero return for any "days missed". Past performance is not indicative of future results.

Portfolio Overview

The winning proposition is to take a long-term approach using a sound investment philosophy



Nexus Equity Fund Value, Starting at $100 [1]

- Strategic asset allocation
  - Suited to investor
- Sound investment approach
  - Diversification
  - Quality investments
  - Reasonable valuations
  - Long-term orientation

As at March 31, 2023

[1] Value of $100 invested in the Nexus North American Equity Fund at inception on August 31, 1997, presented on a logarithmic scale. Returns upon which this chart is based are time-weighted, total rates measured in Canadian dollars and calculated after deducting such direct and indirect costs as applicable withholding taxes, trading commissions, custody fees and other fund/account expenses, but without deducting Nexus's management fees (which are charged to client accounts and vary by client). Past performance is not indicative of future results.

Portfolio Overview

Equity Portfolio Changes

Portfolio changes have been modest, consistent with our long-term investment approach

Canadian Equities

Buy	Sell
—	—

Add	Trim
—	Various Energy holdings

Foreign Equities

Buy	Sell
Ross Stores	—

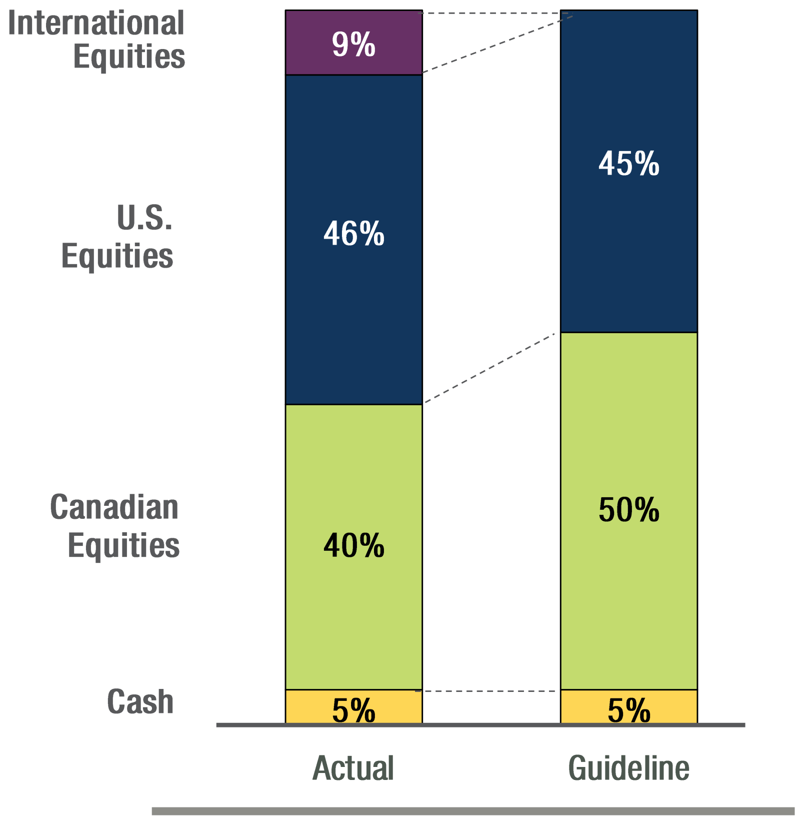
Add	Trim
—	—

12 months ended April 30, 2023

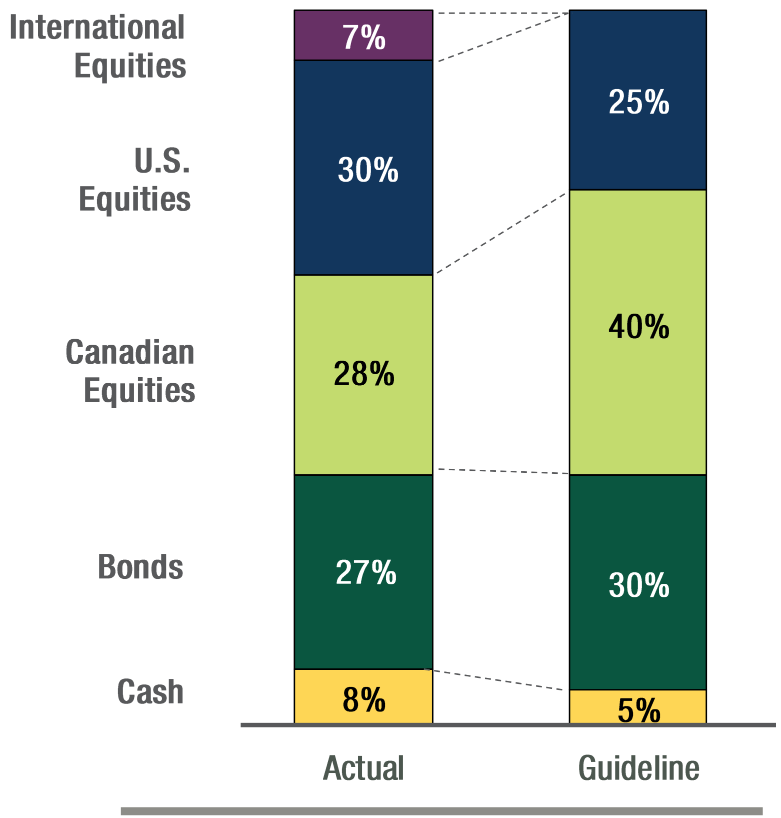
Portfolio Overview

Asset Allocation

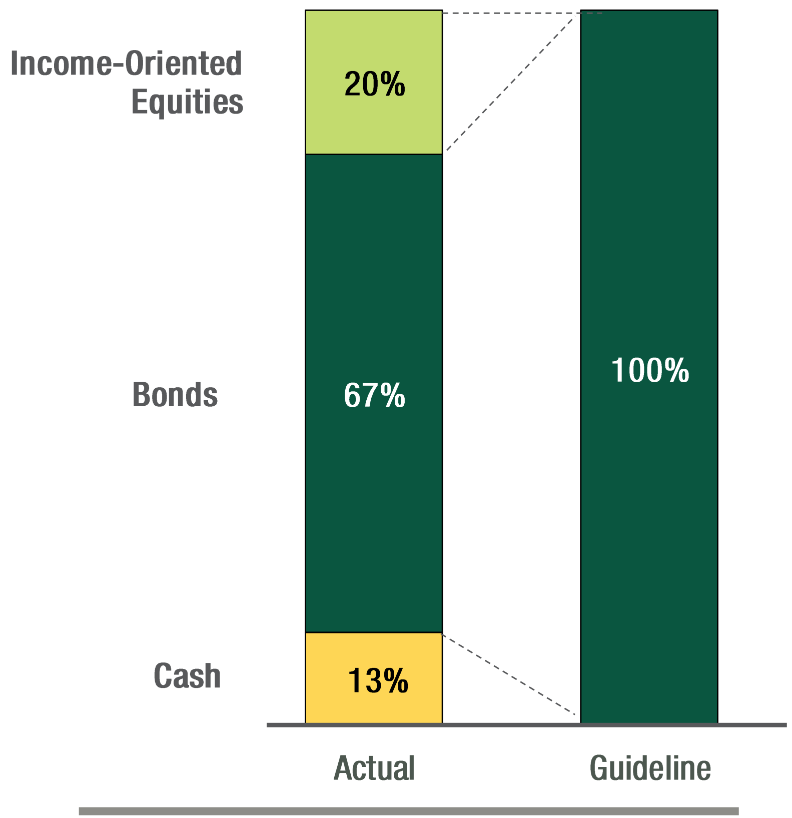
Overall equity allocations are close to long-term guidelines



Nexus Equity Fund



Nexus Balanced Fund



Nexus Income Fund

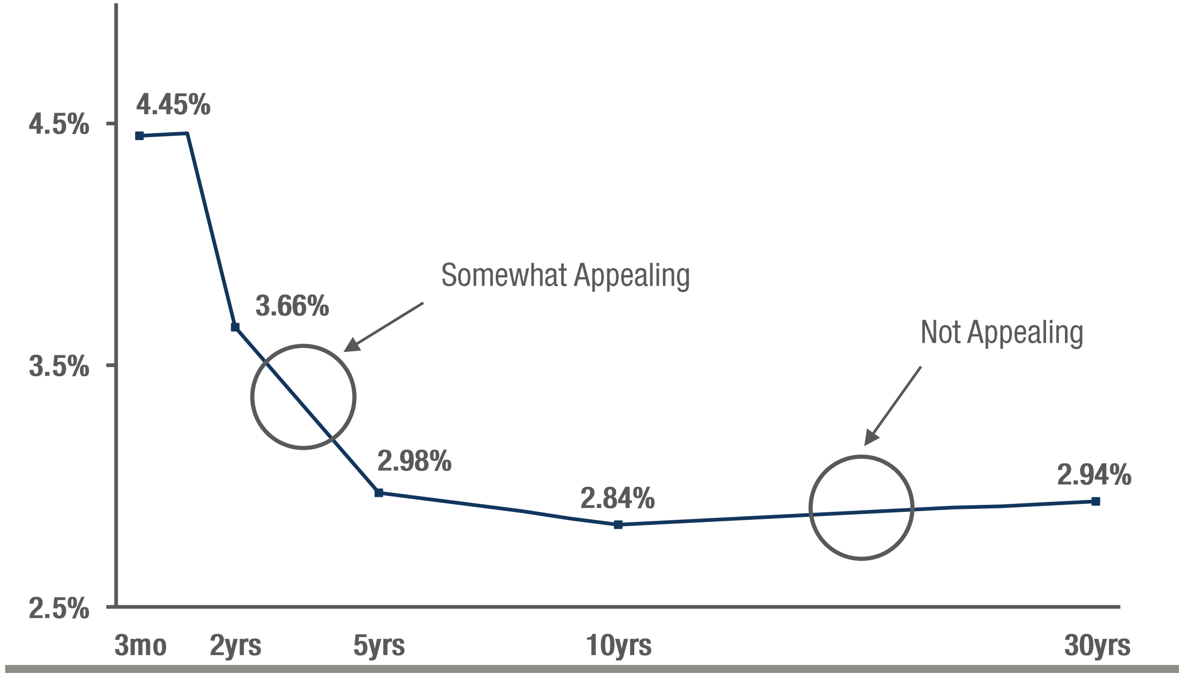
As at April 30, 2023

- Our portfolios are thoughtfully-diversified across asset classes, geographies and sectors

Portfolio Overview

Fixed Income

Yield environment continues to support short duration positioning



Government of Canada Yield Curve

- Absolute yields remain unattractive (real yields are low)
- Our bond portfolio differs from the Index [(1)]
  - Maturity (duration) is 2.8 years vs. Index at 7.4 years
  - Yield to Maturity is 4.6% vs. Index at 3.88%
  - Better credit quality: <4% BBBs vs. Index at 11%

As at April 30, 2023

Source: Bloomberg.

[(1)] FTSE Canada Universe Bond Index.

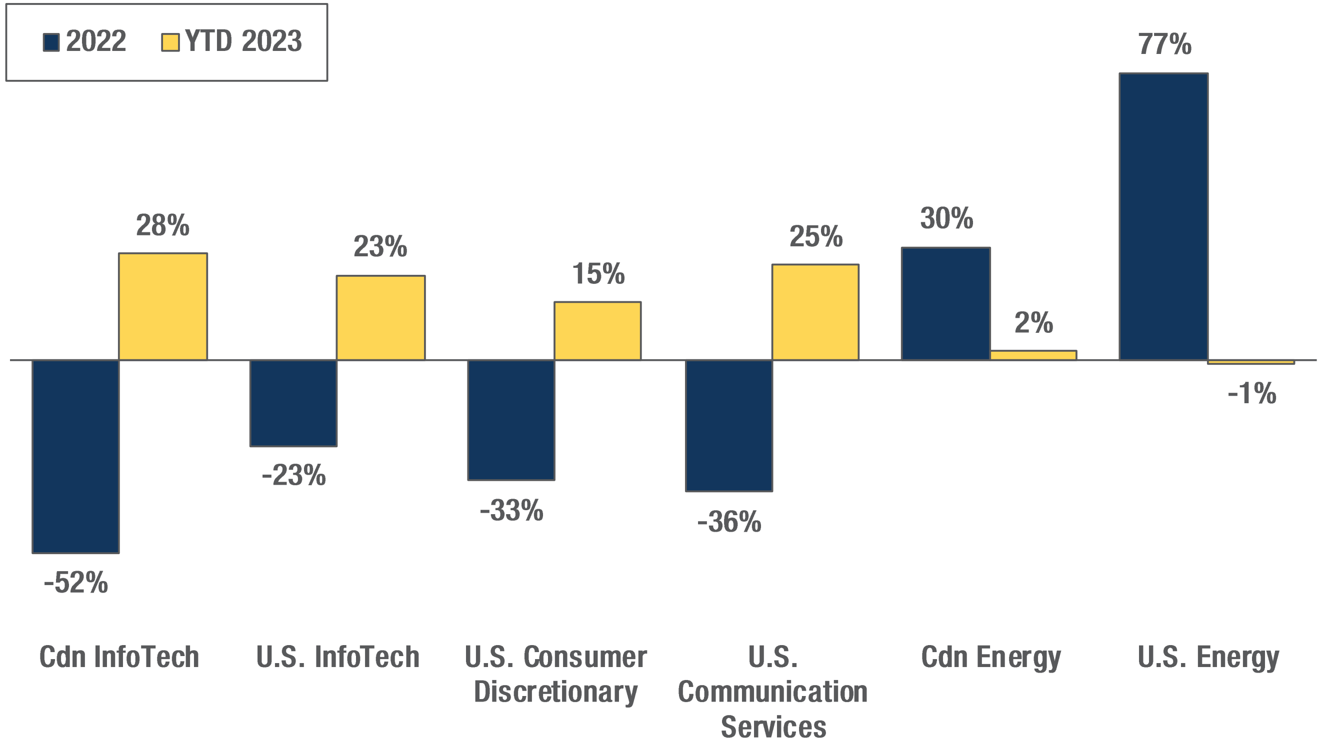
Investment Performance

All Funds posted gains in the last year despite market turmoil

- Stocks and bonds both gained in the first four months of 2023
  - Bond rebound reflects the hope that we are close to peak interest rates
  - U.S. and International stocks enjoyed stronger gains than those in Canada
  - Gains in most stock markets concentrated in a small number of growth stocks
- In 2022, stocks and bonds were both hit by high inflation and rising interest rates
  - Canadian bonds had their worst year ever
  - Canadian stocks more resilient than other markets
  - Conservative balanced portfolios suffered one of the worst years in decades
- Longer-term risk / return characteristics are attractive
  - Our approach differs from the indices – performance will inevitably diverge at times

Investment Performance

It has been a tumultuous period for markets, with large swings in certain sectors



2022 Total Returns vs. 2023 YTD Total Returns in Selected Sectors [1]

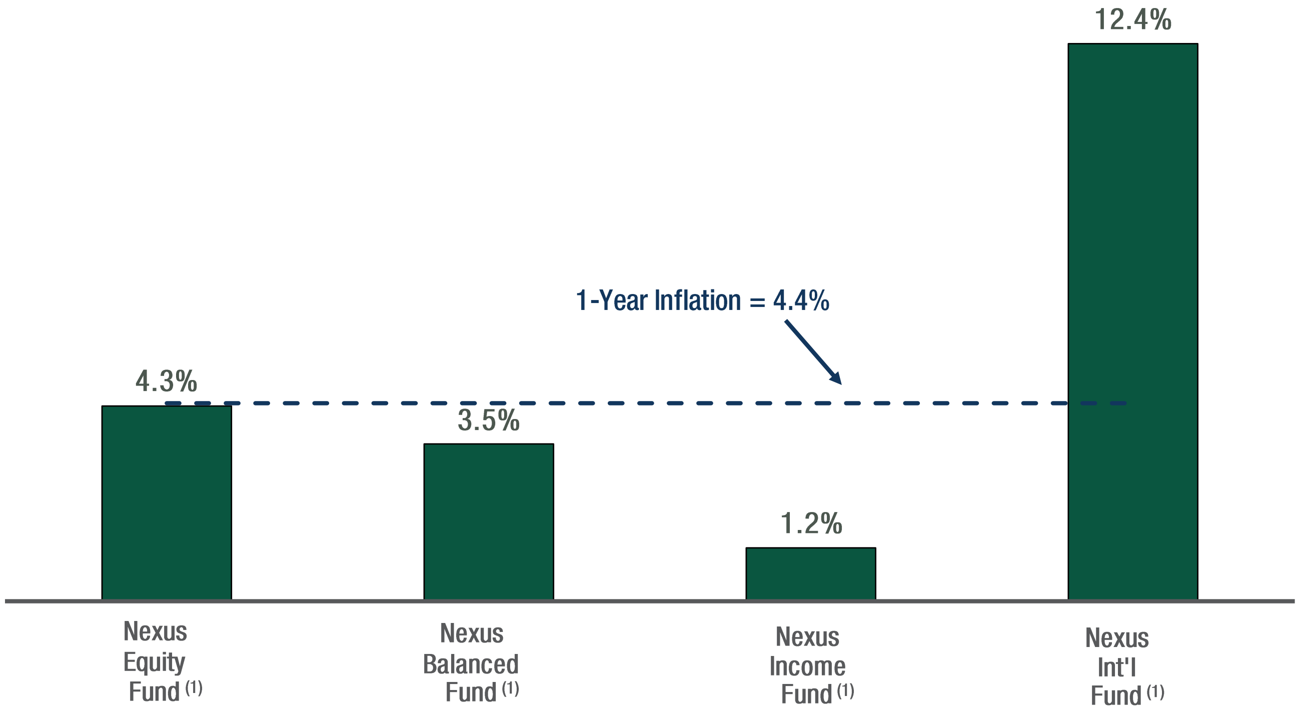
As at April 30, 2023

Source, TD.

[1] Total returns in Canadian dollars.

Investment Performance

A decline in Canadian equities weighed on Fund returns in the last year



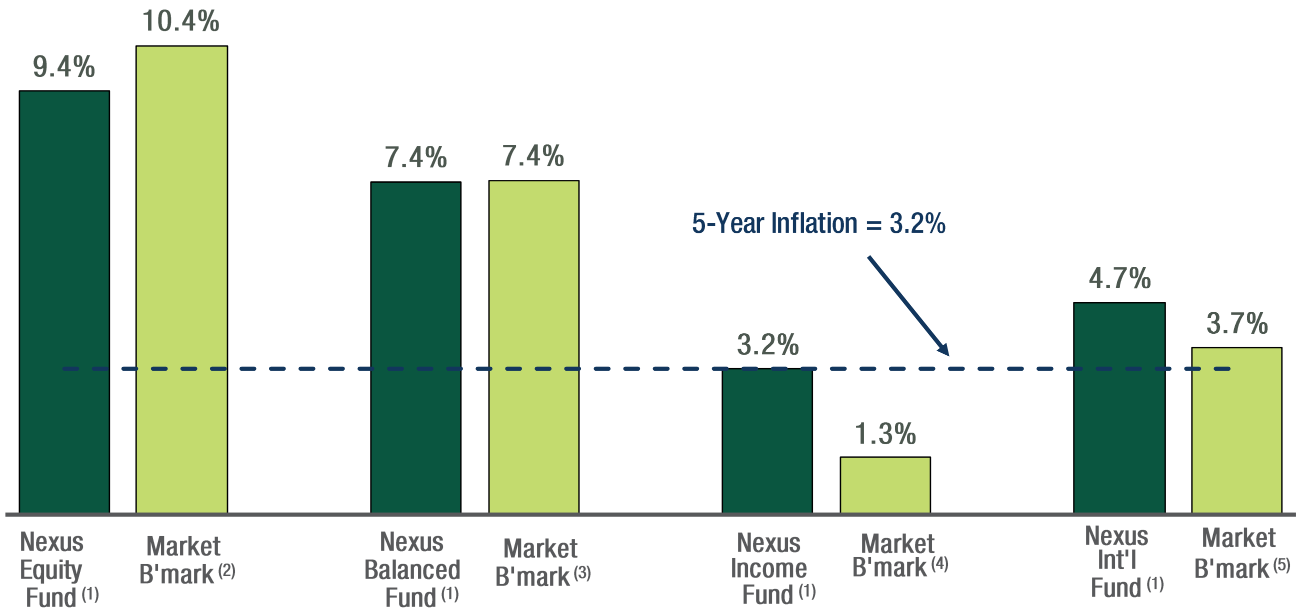
12-Month Return of Nexus Funds (1)

12 months ended April 30, 2023

(1) All Nexus returns are compound annual average, time-weighted, total rates measured in Canadian dollars and calculated after deducting such direct and indirect costs as applicable withholding taxes, trading commissions, custody fees and other fund/account expenses, but without deducting Nexus's management fees (which are charged to client accounts and vary by client). Past performance is not indicative of future results.

Investment Performance

5-Year returns are strong, but international equities tempered the gains



5-Year Annualized Return

Five Years ended April 30, 2023

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(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.

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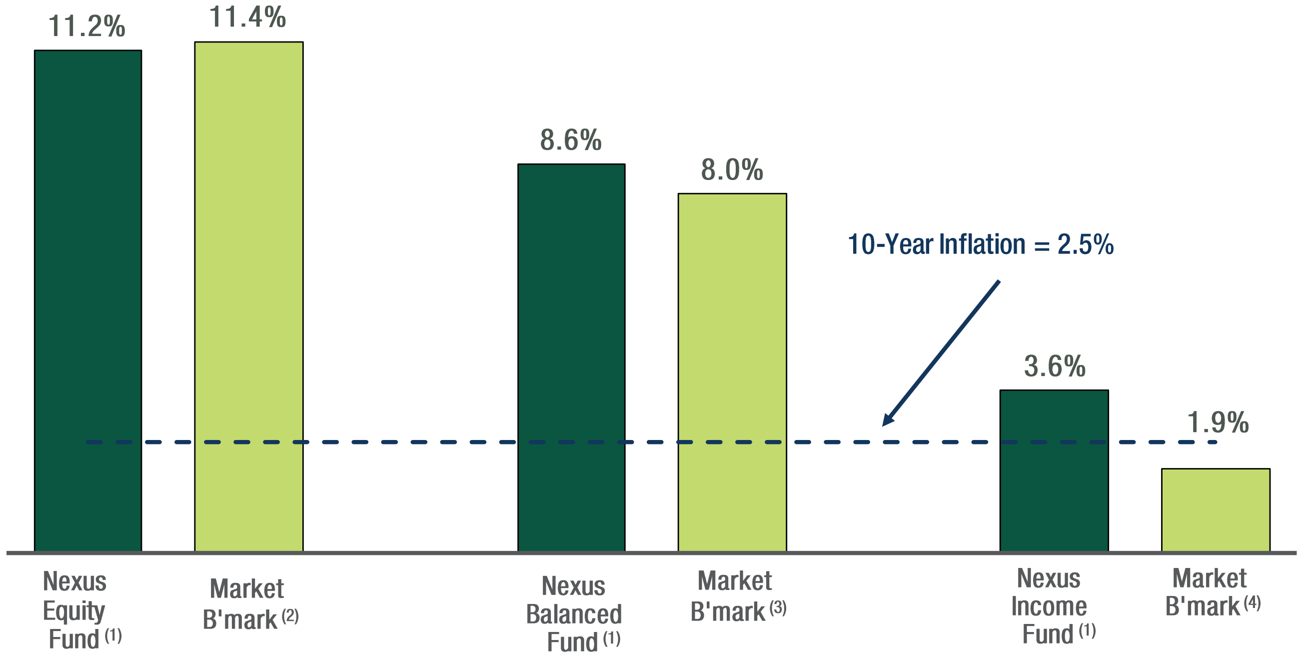
Investment Performance

Fund returns over the last decade remain solid despite recent turmoil



10-Year Annualized Return

Ten Years ended April 30, 2023

(1) All Nexus returns are compound annual average, time-weighted, total rates measured in Canadian dollars and calculated after deducting such direct and indirect costs as applicable withholding taxes, trading commissions, custody fees and other fund/account expenses, but without deducting Nexus's management fees (which are charged to client accounts and vary by client). Returns for market indices and benchmarks are presented on the same basis, but without any such deductions. For more information about benchmarks, please refer to https://tinyurl.com/NexusOnBenchmarks. Past performance is not indicative of future results.

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(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.

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Outlook

Our portfolio is positioned for long-term investment success

- North American equity portfolio is comprised of quality stocks with attractive prices
  - Established, dividend-oriented stocks
  - Attractive valuations provide good long-term upside with a margin of safety
  - Well-positioned for the post-COVID world and for a higher inflation environment
- Nexus Income Fund is constructed to emphasize quality and reduce price risk
  - Credit quality is high, average bond maturities are short
  - Higher interest rates will benefit bond investors over time
  - Income-oriented equities add long-term growth and inflation protection
- International equities continue to add diversification
  - Higher dividend yields and lower valuations than North America

Appendix

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

- Two new Nexus employees:
- Harsh Narsinghani, Vice President & Portfolio Manager on our investment team
- Eileen Firth, Senior Client Service Associate on our client service team

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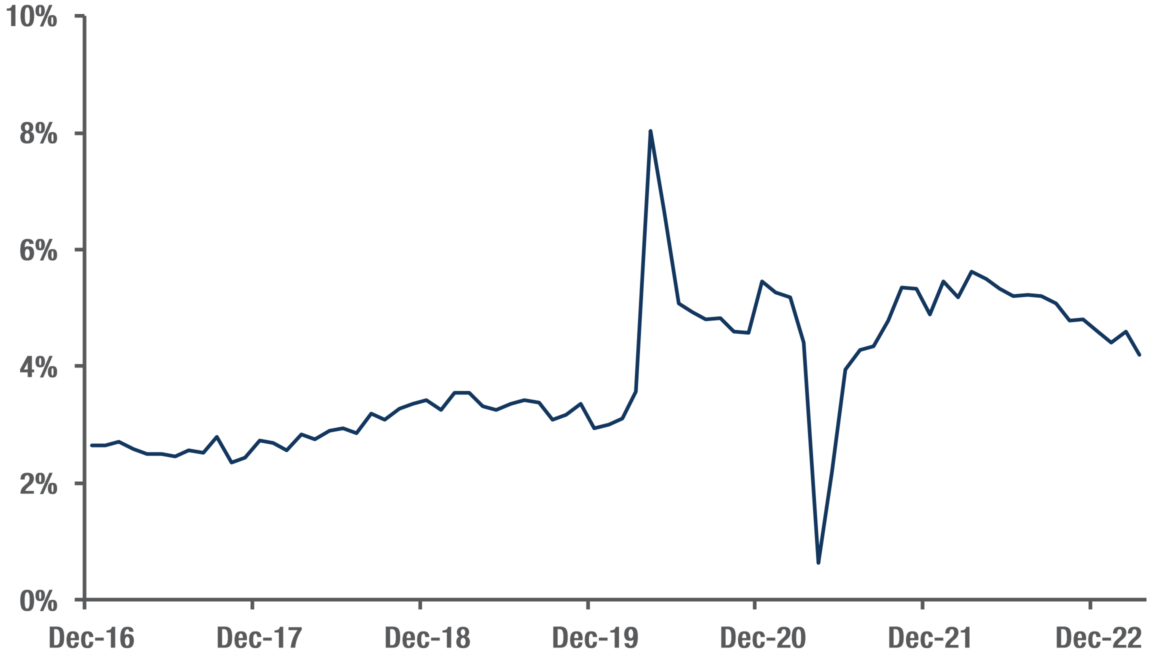
[1] Calculated as the average annual retention rate from December 31, 2012 to December 31, 2022.

Current Environment

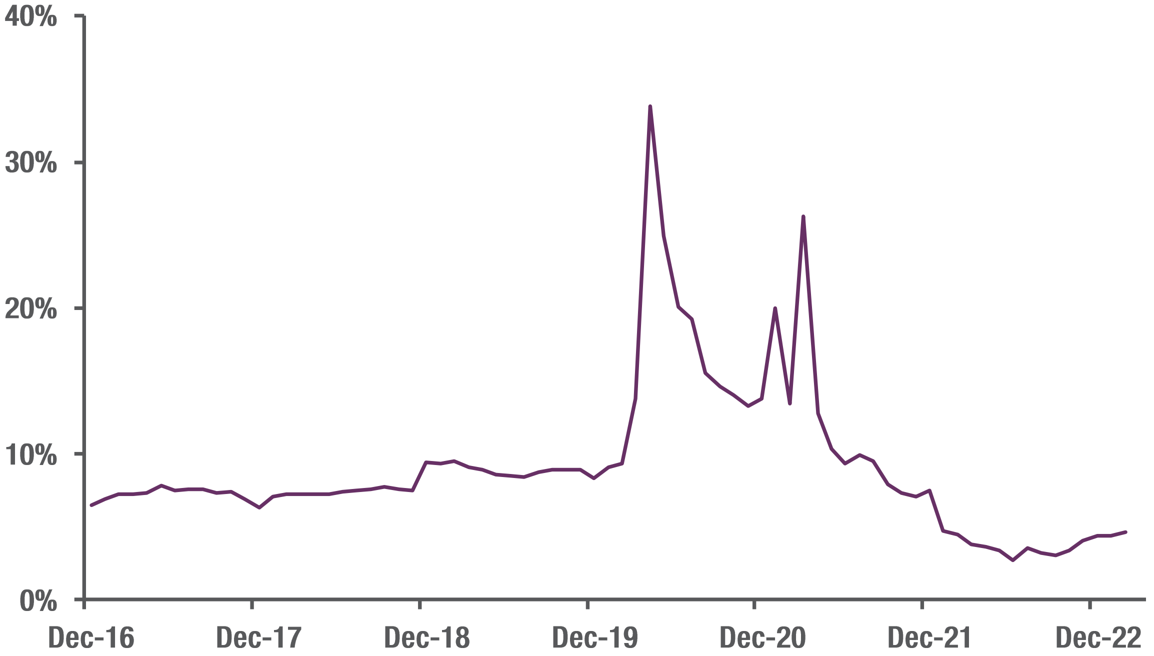
Economic Resilience

Consumer bending, but not breaking



U.S. Average Hourly Earnings (YoY)

- Wage increases trail inflation
- Rate of growth inconsistent with 2% inflation target



U.S. Personal Savings Rate (YoY)

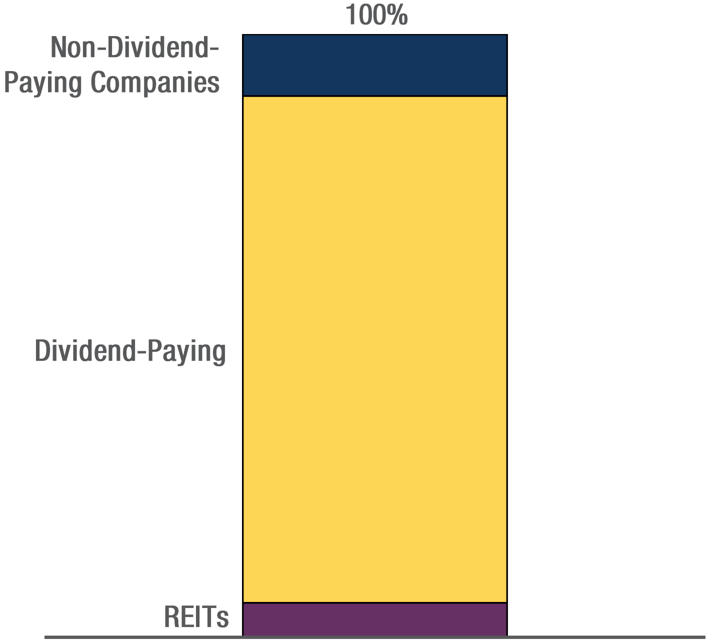
- Elevated spending has reduced accumulated savings

Source: Bloomberg, U.S. Bureau of Labor Statistics, U.S. Bureau of Economic Analysis.

Portfolio Overview

Equities

Our North American equities combine defensiveness and growth



Nexus North American Equity Portfolio [1]

- 7 stocks
- Average EPS growth of 9.3% per year over 5 years
- 23.8x average forward P/E multiple

- 30 stocks
- 3.4% average dividend yield
- Average dividend growth of 10.4% per year over 5 years
- 11.1x average forward P/E multiple

- 3 Real Estate Investment Trusts
- Average distribution yield of 6.0%
- Average Price/NAV of 72%

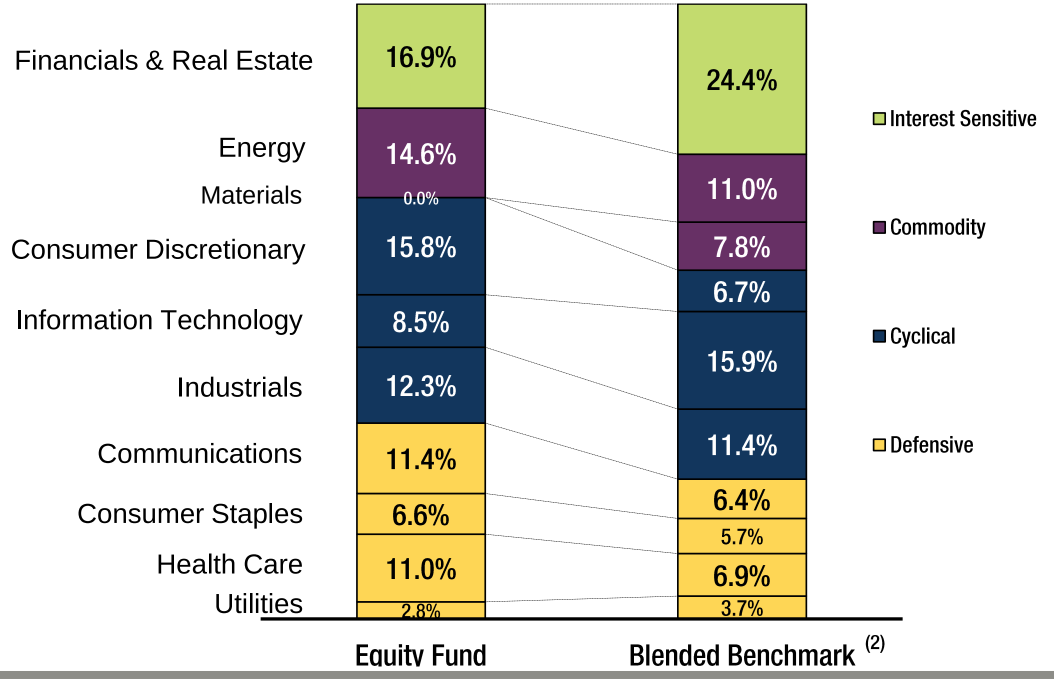
As at March 31, 2023

Source: Bloomberg.
[1] The “forward” year is the current fiscal year estimate for each company. Average P/E and Price/NAV multiples on this page are calculated using a weighted harmonic mean.

Portfolio Overview

Diversification

Our high-quality equity portfolio is diversified, different from the benchmark, and reasonably valued



Nexus Equity Sector Allocation (1)

	S&P 500	TSX	Nexus Equity Fund
Forward Price / Earnings	18.4x	12.8x	12.4x
Price / Book	3.9x	1.8x	1.8x
Dividend Yield	1.7%	3.2%	2.7%

Comparable Valuation Metrics (3)

Source: Bloomberg.

(1) Includes Canadian and U.S. equities; as at March 31, 2023.

(2) The blended benchmark is a combination of the TSX and S&P 500 at their relative weights in the Fund's benchmark. For more information about benchmarks, please refer to https://tinyurl.com/NexusOnBenchmarks.

(3) The forward price/earnings ratios are based on Bloomberg consensus estimates for earnings in the next 12 months as of March 31, 2023. P/E and P/B ratios in this table are calculated using a weighted harmonic mean.

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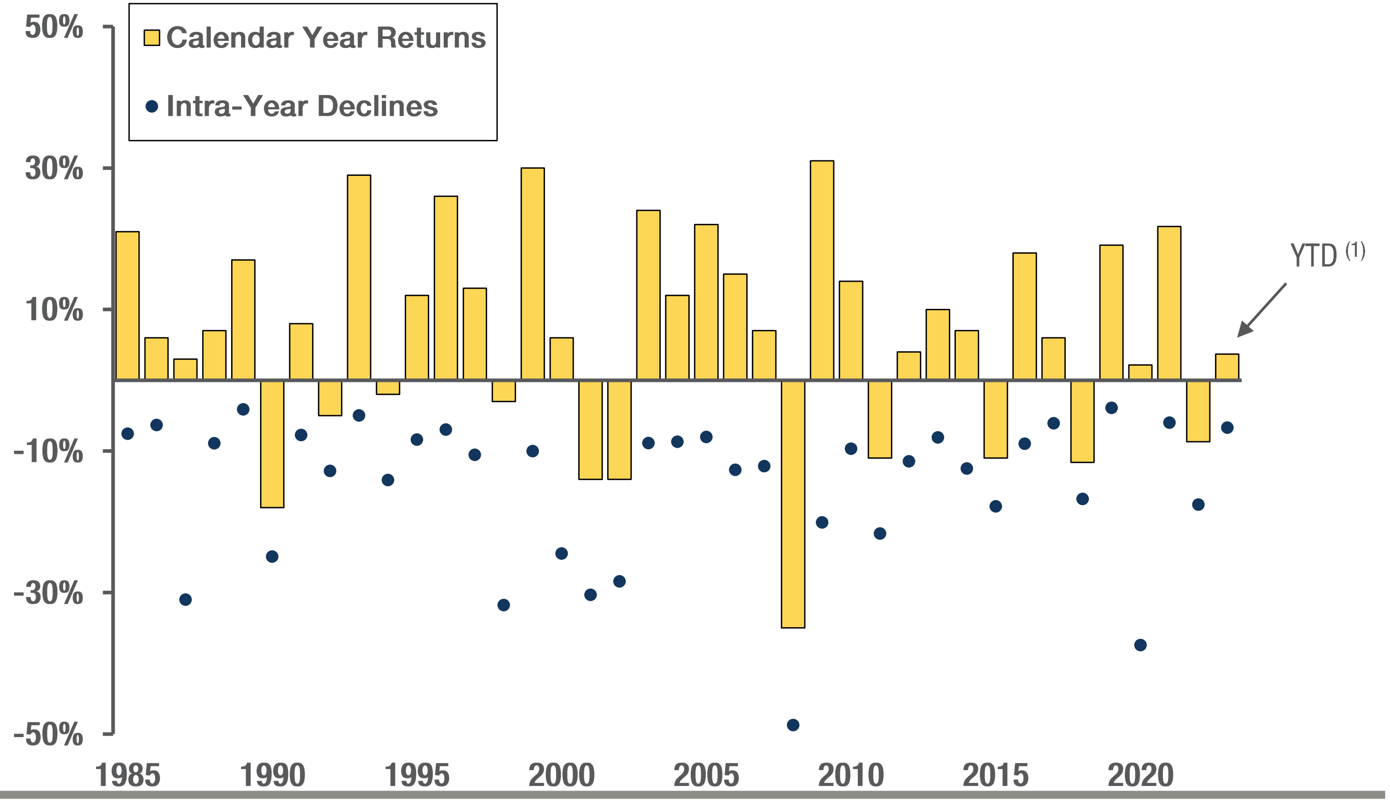
Portfolio Overview

Equities Deliver Over Time

Intra-year drawdowns are the norm – this can obscure the long-term rewards from equities



S&P/TSX Composite Intra-Year Declines vs. Calendar Year Returns [1]

- Despite average intra-year declines of 15%, annual returns were positive in 27 of 38 years

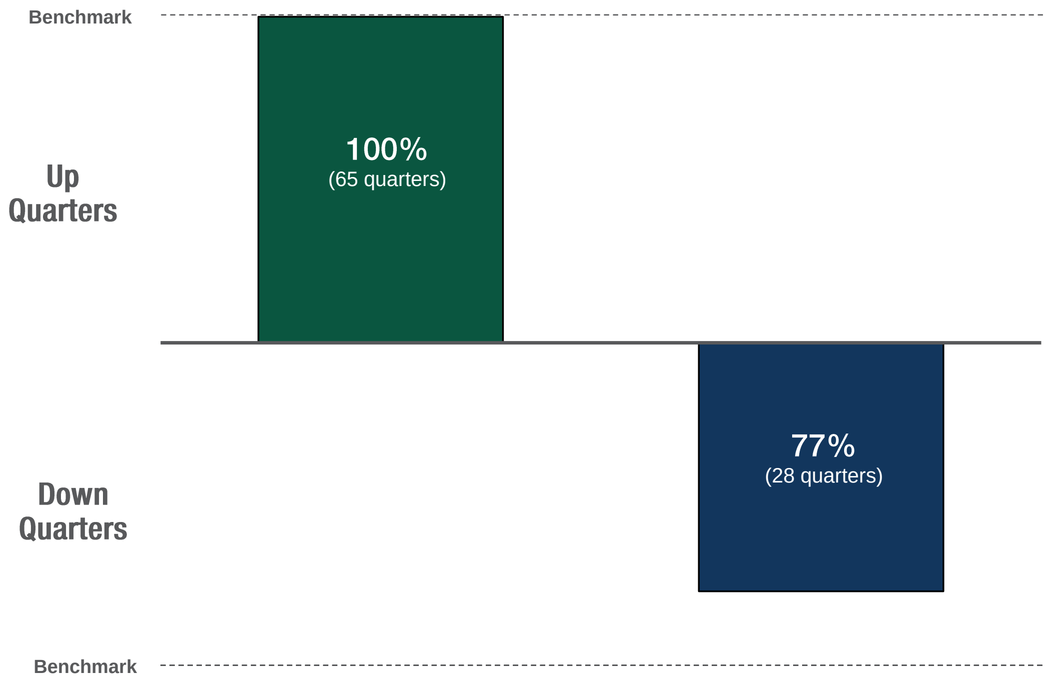
Source: Bloomberg.

[1] Returns are compound annual average, time-weighted, price-only rates measured in Canadian dollars and calculated without deducting any fees or expenses. Past performance is not indicative of future results. As of March 31, 2023.

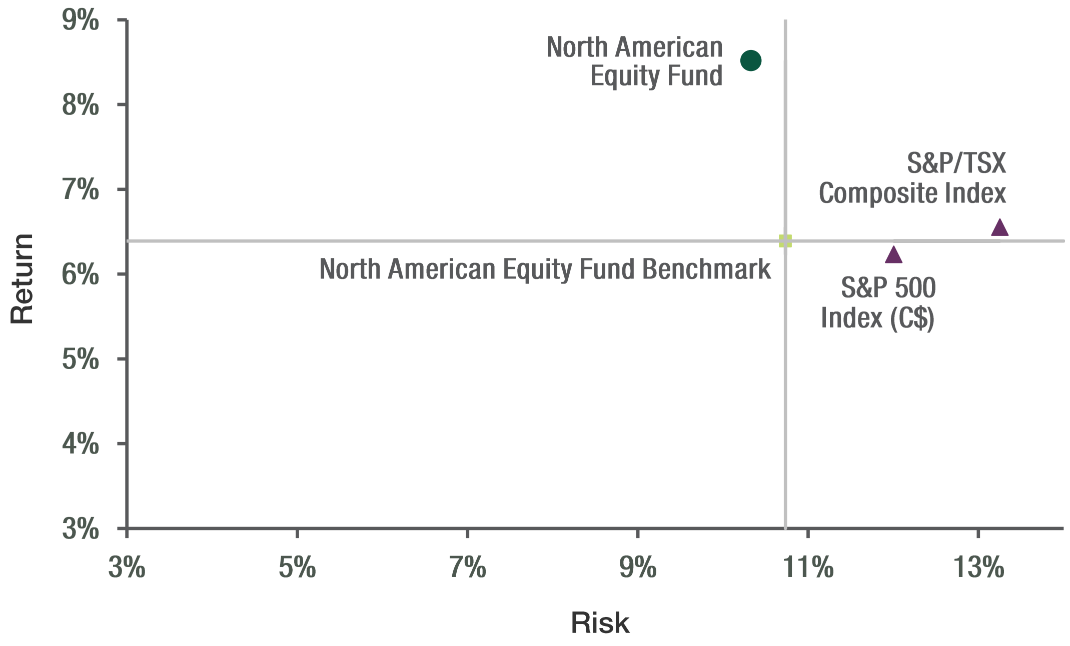
Investment Performance

Equity Fund

Our approach has worked over the long term, with good downside protection



Equity Fund Up- & Down-Market Capture Ratios (1,2,3)



Risk / Return Profile Since January 1, 2000 (2,3,4)

(1) Each quarter since January 1, 2000 is defined as an "up" or "down" quarter based on whether the benchmark return for the quarter was positive or negative. For up (down) quarters, the capture ratio is the ratio of compound average rates of return for the Fund and its benchmark for such quarters. For more information about benchmarks, please refer to https://tinyurl.com/NexusOnBenchmarks.

(2) All Nexus returns upon which these charts are based are time-weighted, total rates measured in Canadian dollars and calculated after deducting such direct and indirect costs as applicable withholding taxes, trading commissions, custody fees and other fund/account expenses, but without deducting Nexus's management fees (which are charged to client accounts and vary by client). Underlying returns for market indices and benchmarks are presented on the same basis, but without any such deductions. Past performance is not indicative of future results.

(3) Equity Fund benchmark is 5% FTSE Canada 91 Day T-Bill Index, 50% TSX, and 45% S&P 500 (in C$); rebalanced monthly.

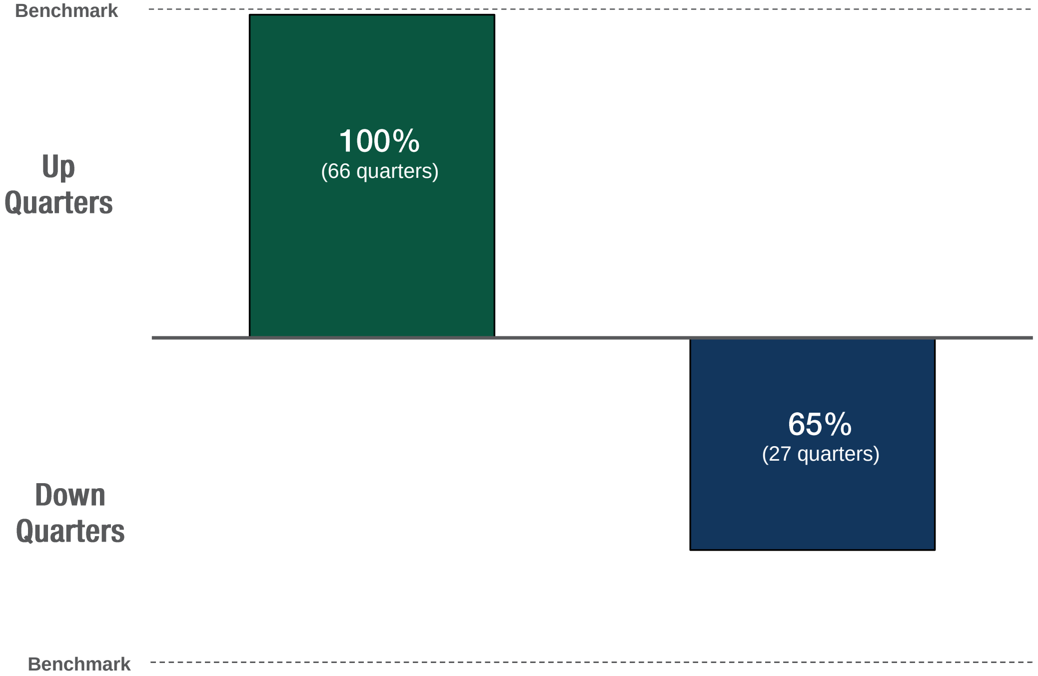
(4) Risk is calculated as the annualized standard deviation of monthly returns since January 1, 2000.

Period ending March 31, 2023

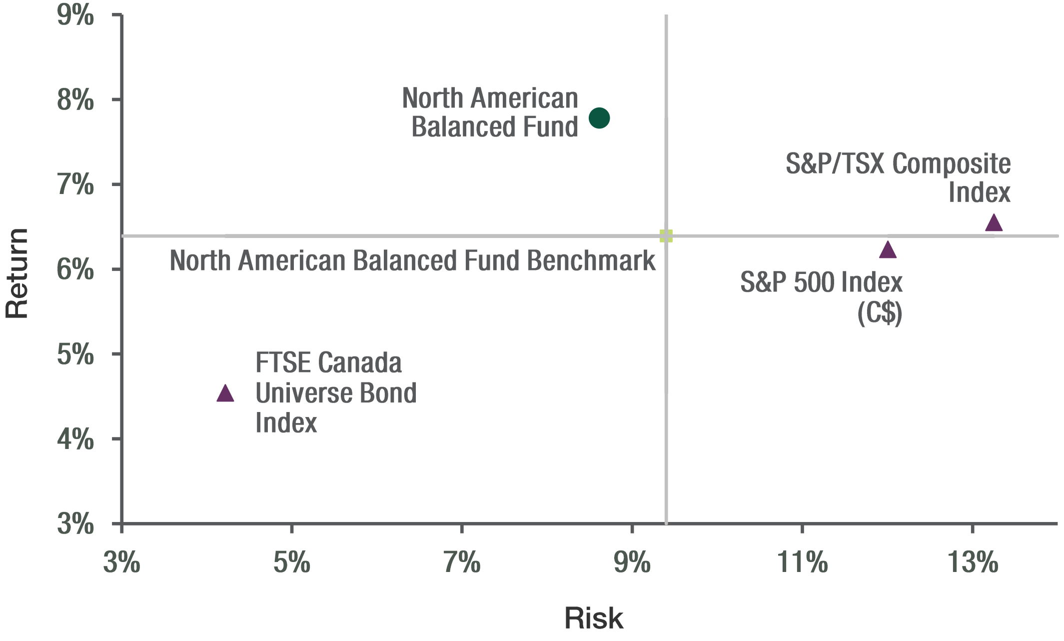
Investment Performance

Balanced Fund

Our approach has worked over the long term, with good downside protection



Balanced Fund Up- & Down-Market Capture Ratios (1,2,3)



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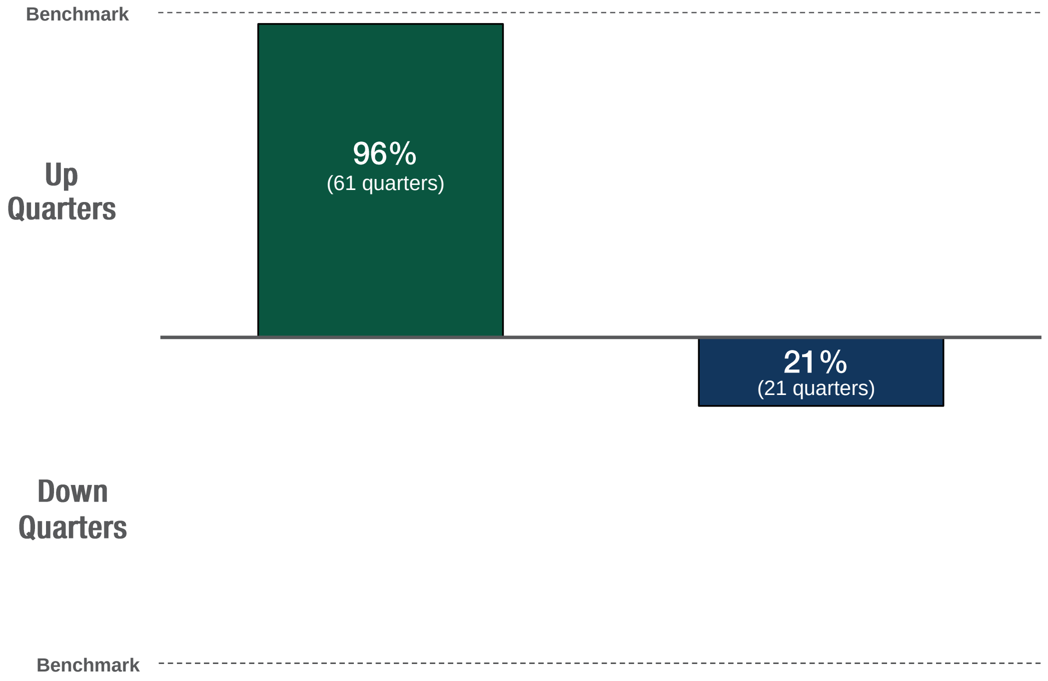
Period ending March 31, 2023

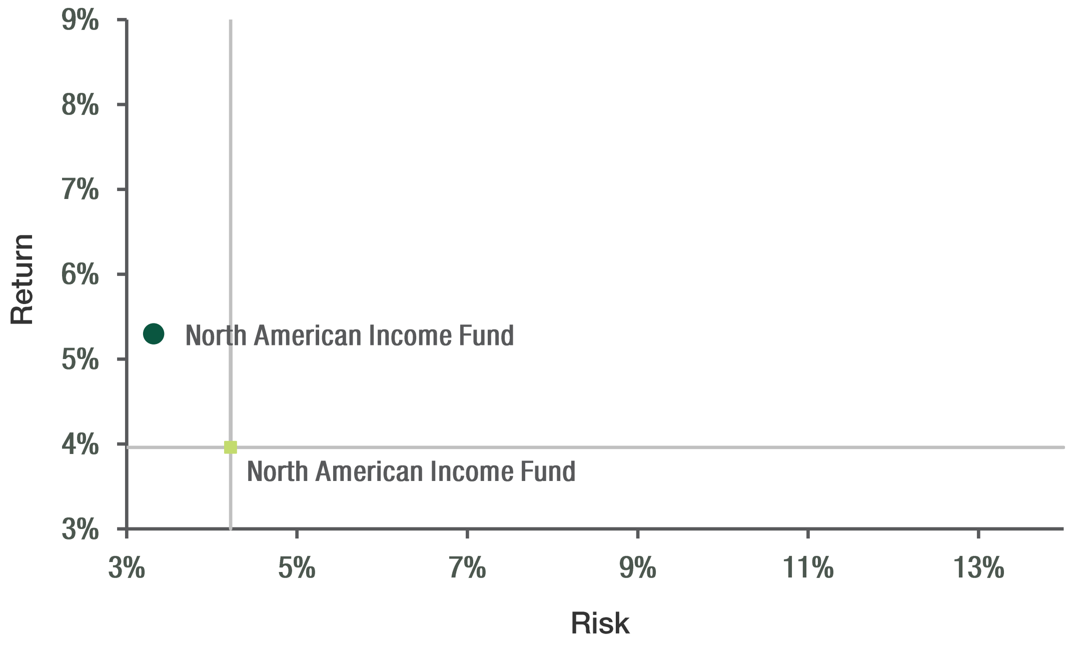
Investment Performance

Income Fund

Our approach has worked over the long term, with good downside protection



Income Fund Up- & Down-Market Capture Ratios (1,2,3)



Risk / Return Profile Since October 1, 2002 (2,3,4)

(1) Each quarter since October 1, 2002 is defined as an "up" or "down" quarter based on whether the benchmark return for the quarter was positive or negative. For up (down) quarters, the capture ratio is the ratio of compound average rates of return for the Fund and its benchmark for such quarters. For more information about benchmarks, please refer to https://tinyurl.com/NexusOnBenchmarks.

(2) All Nexus returns upon which these charts are based are time-weighted, total rates measured in Canadian dollars and calculated after deducting such direct and indirect costs as applicable withholding taxes, trading commissions, custody fees and other fund/account expenses, but without deducting Nexus's management fees (which are charged to client accounts and vary by client). Underlying returns for market indices and benchmarks are presented on the same basis, but without any such deductions. Past performance is not indicative of future results.

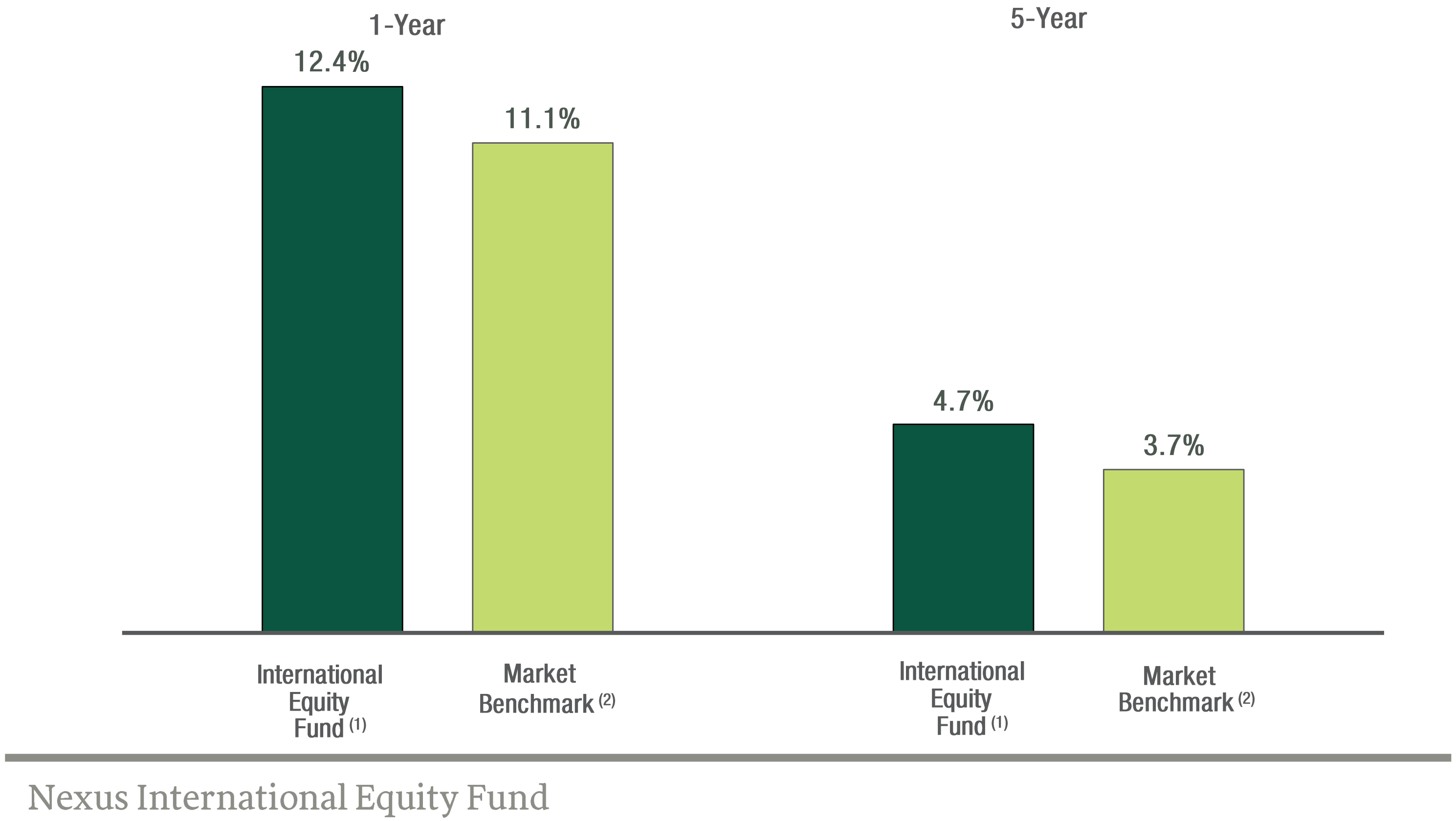
(3) Income Fund benchmark is the FTSE Canada Universe Bond Index. Note that in addition to bonds, up to 20% of the Income Fund portfolio may be invested in equity securities.

(4) Risk is calculated as the annualized standard deviation of monthly returns since October 1, 2002.

Period ending March 31, 2023

Investment Performance

Strong returns in the last four months have helped the International Equity Fund rebound from a tough 2022



Periods ended April 30, 2023

(1) All Nexus returns are compound annual average, time-weighted, total rates measured in Canadian dollars and calculated after deducting such direct and indirect costs as applicable withholding taxes, trading commissions, custody fees and other fund/account expenses, but without deducting Nexus's management fees (which are charged to client accounts and vary by client). Returns for market indices and benchmarks are presented on the same basis, but without any such deductions. Past performance is not indicative of future results.

(2) International Equity Fund market benchmark is 75% MSCI EAFE and 25% MSCI Emerging Markets indices (both in C$); rebalanced monthly. For more information about benchmarks, please refer to https://tinyurl.com/NexusOnBenchmarks.

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