The Nexus Report

Third Quarter, 2023

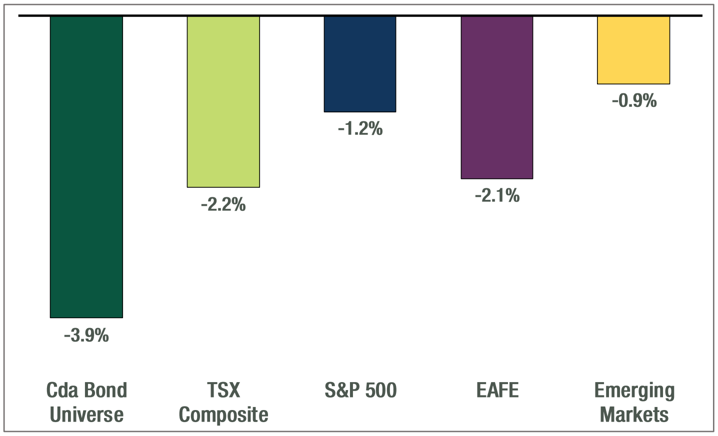
Investment Outlook

A Painful September (Again)

September lived up to its reputation as a cruel month for investors. In stock markets around the world, September's sharp downdraft caused the third quarter overall to be a money-losing one for major indexes. Canadian bond investors also had to grapple with rising interest rates and falling bond prices, making returns in that asset class even worse than for stocks during the last three months.

Notwithstanding the September setback, investors can't be overly discouraged. Stock market indexes have posted strong gains over the last year. In Canada, the 9.5% gain for the TSX Composite is appealing and similar to that in Emerging Markets (10.2%). However, both trail the 20.0% return for the S&P 500 in the U.S. and the 23.9% return in EAFE (developed international markets) quite significantly.

Despite the pleasing one-year returns, the dynamics within stock markets are anything but normal. In the Nexus Report last quarter we spent some time explaining how stock market returns have been dominated by a few high flying technology stocks. A few of the "Magnificent Seven" came off of the boil over the last three months, but they still remain dominant in the year-to-date returns.[1] And while many technology stocks have been riding high, traditionally safe and secure dividend-oriented stocks have had a tougher ride. They have none of the glamour of the technology sector, and the rising interest rate environment has meant that GICs and short-term bonds are competitive as sources of income. While most investors have made money in the last year, results have varied widely depending on one's investment approach. More on that below.



Total Returns – 3 Months ended September 30, 2023 (C$)

Clear as Mud

The future path of economic growth is rarely certain. However, it is particularly murky these days. At the start of 2023, there was a widely-held view in both Canada and the U.S. that recession was imminent. By mid-year, that pessimism gave way to optimism for a soft landing. As the autumn months commenced, uncertainty and confusion escalated. Investors are puzzled by the recent trends in economic data.

A prime example can be seen in the Canadian labour market report for September. An increase of 63,800 new jobs in the

NOTE Unless indicated otherwise, 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. Stock-specific returns are price-only returns, and for U.S. listed stocks are in U.S. dollars. Past performance is not indicative of future results. For more information about benchmarks, please refer to https://tinyurl.com/NexusOnBenchmarks.

[1] They include Apple, Microsoft, Alphabet, Amazon, Nvidia, Tesla, and Meta Platforms.

month greatly exceeded expectations and the previous month's strong performance. Almost 400,000 new jobs have been created in the first 9 months of 2023. Our unemployment rate held steady at 5.5%, a level that is low by any historic measure.

One might logically conclude that Canada's economy is firing on all cylinders. However, the appearance of robust job growth is belied by some of the details in the report. Most jobs created were part-time and there was strong growth in the self-employed, both of which are considered "low quality" gains. Moreover, there was sharp growth in jobs in education this month after August's mysterious plunge in the same category.[2] It's not the first time in recent years that economists questioned the integrity of the StatsCan data.

A strong labour market report also stands in contrast to the soft period of economic growth Canada is experiencing. There was no GDP growth in July and an almost imperceptible 0.1% rise in August. In fact, Canadian GDP has hardly increased at all over the last six months. That is particularly concerning considering Canada's population explosion over the last year. Our population grew by 1.2 million in the 12 months ended June 30, by far the largest ever absolute increase. The 3% growth rate is the largest percent increase since the post-war boom in the 1950s. What really matters for national prosperity, however, is not the absolute level of GDP, but GDP per capita. GDP per capita may be down 2% year-over-year in the latest quarter, the sort of performance one expects in a serious recession.[3] Since 2016, Canada's GDP per capita is unchanged while that in the U.S. has grown at 1.7% per year.

This GDP measure may explain why business confidence, as measured by the Canadian Federation of Independent Business, dropped sharply in late September to levels usually associated with recessions. So long as Canada's labour market stays resilient, a deep recession is unlikely. However strong economic growth in the coming quarters seems equally unlikely.

The U.S. labour market also was strong in September. Non-farm payrolls increased by 336,000, nearly twice the 170,000 expected. There was an upward revision of 119,000 new jobs to the previous two months. The unemployment rate remained at 3.8%, close to an all-time low. Other measures of the labour market also remain strong. New claims for unemployment insurance remain near record lows. Job openings increased last month to 9.6 million, well above historic averages and well above the total number of unemployed people. Unlike Canada, real GDP growth also remained strong. Some economists believe it could be as high as 4% year-over-year in the third quarter. Moreover, there is reason to be optimistic for the continuation of strong growth. U.S. government fiscal programs such as the *CHIPs Act* and the *Inflation Reduction Act* have provided significant incremental demand for construction and infrastructure that should last for years.

However, many investors are concerned about the U.S. economic outlook. Bond yields spiked in September and early October. Partly, this is a reaction to the U.S. Federal Reserve's cautious comments on inflation and the prospect for further interest rate increases. More significantly, it may reflect a growing realization that the U.S. government debt situation is increasingly precarious. In fiscal 2024, economists expect a $1.7 trillion budget deficit, accounting for 6% of GDP. Deficits this big are typical only during wars and deep recessions, not when there is a strong economy with full employment. What happens when conditions get tough? And with outstanding debt more than 100% of GDP, the U.S. may have reached a point where interest rates are not just higher for longer. They may be higher forever.

Market Outlook

This uncertainty in the economic environment translates into equally great uncertainty in the investment outlook. Moreover, it is not only economics that affects investment outcomes in the short term. U.S. political dysfunction has escalated sharply and geopolitics are increasingly fraught. The recent heart-wrenching violence in the Middle East adds to investor anxiety over the heart-wrenching violence in Ukraine.

Thankfully, our investment philosophy does not depend on accurate forecasts of these short-term events. The outlook for the time horizon on which we are focused – years, not months – is unchanged from last quarter, last year and from 10 years ago. The journey a long-term investor takes is filled with the unexpected, such as stock market bubbles and collapses, financial crises, war, and global pandemics. There are regular bumps in the road. As we have written repeatedly in the past, there is no way to anticipate what will happen, when it will happen, and how long it will endure. It is the events that no one saw coming that are the ones that have the greatest short-term effect. However, over the course of time, investments in companies with growing business that can be made at sensible prices will reward investors with good returns. Our clients also will benefit from the increase in the general level of interest rates. The higher rates on short- and medium-term bonds mean we get paid to wait while the inevitable ups and downs of financial markets play out. So long as one's time horizon is longer than a few months, we think there is every reason to be optimistic about the future.

[2] Schools really fire people in August and hire them back in September?

[3] Robert Kavcis, "Focus", BMO Capital Markets, September 29, 2023.

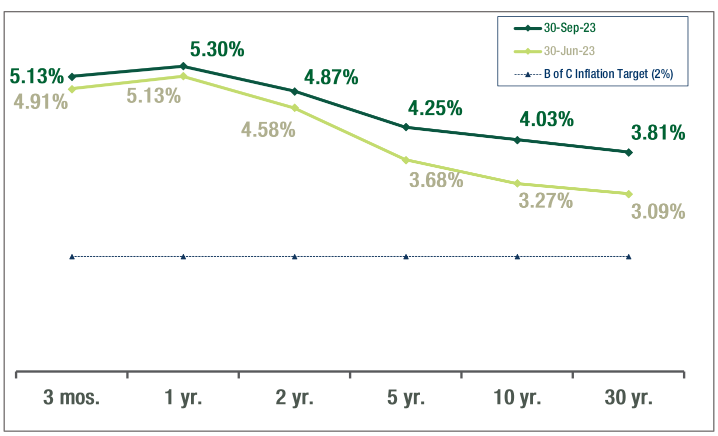
Asset Class Review

Fixed Income

The third quarter was another period of negative fixed income returns. Interest rates moved substantially higher across the yield curve. During the quarter, the bond portfolio gave up 0.7%, while the FTSE TMX Bond Index lost 3.9%. In the last 12 months, our bond holdings have managed to deliver positive returns, rising 1.6%, while the Index fell 1.4%.

The rise in rates was driven by messaging from both the U.S. Federal Reserve and the Bank of Canada that, due to continued economic resilience and persistent inflation, there was a greater likelihood that interest rates would need to stay “higher for longer” than investors had previously anticipated. The strength of the North American economy remains very hard to forecast, but economic data released over the course of the last three months certainly did not support the consensus opinion that a serious slowdown in economic growth was at hand.

In particular, we are paying attention to the resilience of the labour market and the growing evidence that past inflation increases are beginning to drive higher wage demands. The acceleration of labour stoppages on both sides of the border suggests that the risks of an inflationary psychology getting entrenched in the economy are greater than previously thought.



Government of Canada Yield Curve

Followers of the bond market will recall that in the first half of this year, long-maturity bond yields actually fell. The yield on 30-year government of Canada bonds went from 3.27% to 3.10%. But, over the last three months, as the “higher for longer” message was understood, 30-year bonds saw their yield go from 3.10% to 3.81%, a 13-year high. Such a reversal in yield generated a calamitous investment return for long-dated bonds. For instance, the current government of Canada 30-year bond was issued in August 2021 with a 1.75% coupon and a $100 price tag. At the end of September, just over two years later, this bond was trading at $61, or a price loss of 39%. In contrast, 5-year bonds were down 7.5% over that same period.

Thankfully, by sticking to shorter maturities we have managed to sidestep the steeper losses experienced in long-dated bonds and protect investors from the worst performing parts of the fixed income markets. While no one likes to see negative returns of any kind, we can honestly say that we have been in the right place to weather the storm over the past two years.

Thankfully, there is a bit of light at the end of the tunnel for bond investors. We believe central banks are nearing the end of their aggressive hiking and that rates may not move much from here. So future expected returns should look a lot like the current yield of the portfolio, which is 5.8%.

Inside the portfolio, we continue to switch bonds with significant embedded tax losses for issues of similar maturity that are also trading at large discounts to their maturity value. This captures the capital loss of the bonds we sell and means that future fixed income returns will have a larger component of capital gains than interest income. Because of this opportunity, we are not active in the new issue market, opting instead for older bonds that will generate more of their returns in the form of capital gains.

As well, we also added a very small number of preferred shares to our holdings. This asset class, when out of favour, can present a great opportunity for long-term returns. We are cautious not to add too much exposure as preferreds are not liquid. We only participate in the preferred share market when the potential returns make the risk associated with the illiquidity worthwhile. We believe that this is the case right now.

While we remain invested in bonds of shorter maturity, we have been gradually adding to our duration as yields have risen, although we still remain well below that of the benchmark. At current interest rate levels, bonds offer some insurance-like properties that would offset sudden weakness in equity markets. But, despite the significant back-up in rates, we don’t yet feel that the absolute level of rates warrants extending our duration much. We would need to believe that inflation was about to recede pretty dramatically, or rates will have to rise even more, before we redeploy funds into longer-maturity bonds.

Equities [4]

After two positive quarters, third quarter equity returns were negative. Longer period returns remain positive and the 12-month equity return is well above average for a typical 12-month period. The Equity Fund fell 0.9% in the quarter. For the last 12 months, the Equity Fund return was 13.6%, in line with the benchmark at 14.0%.

Although the large cap growth stocks declined in the quarter, the strong U.S. equity market returns for the year to date in 2023 remain driven by a small number of large growth stocks. This has inflated the return of the overall S&P 500, such that the return of the index is not at all reflective of the return of the bulk of the stocks within the index. To illustrate this, the year to date (to September 30) return of the Russell 1000 Growth Index has been 25.0%, whereas the Russell 1000 Value Index returned 1.8%.[5] Similarly, in Canada, the TSX's return remains dominated by the growth-oriented technology sector. For the year to date, the TSX Information Technology sector's return was 36.4%, as compared to 3.4% for the TSX Composite as a whole. This extreme outperformance by growth stocks has occurred at points in the past (such as in the tech bubble at the turn of the millennium), but it can't continue indefinitely. While the higher-quality, more reasonably valued stocks that are typical of Nexus's investment style have lagged relative to growth stocks for now, it also means that we have a well diversified, quality-oriented portfolio with substantially less valuation risk.

North American Equities

In the third quarter, Nexus's Canadian stocks eked out a modest gain of 0.5% and our U.S. portfolio declined 1.8%. This compares favourably to the TSX and was roughly in line with the S&P 500. For the 12 months, Nexus's Canadian stocks returned 12.3% and our U.S. portfolio returned 16.7% – both are strong 12-month returns, but the U.S. portfolio trailed its benchmark due to the strong performance of growth stocks noted above.

Our strongest North American sector in the third quarter was Energy, with a return of 13.9%. This featured a strong showing of our Canadian (ARC Resources, Cenovus and Suncor) and U.S. (EOG Resources) energy holdings as energy commodity prices have strengthened. Also, investors have become more appreciative of the strong cash flows and attractive valuation multiples available in the sector. After lagging in the first six months of the year, our Information Technology holdings, performed well in the most recent three months, as our value-oriented tech holdings generated good positive returns (Western Digital 20% and Cisco 4%). Western Digital is exiting a period of industry overcapacity. Cisco is disparaged as a lower growth tech holding, but has been consistently profitable, with strong cash flows, a very strong balance sheet, and an attractive valuation that is below that of the overall S&P 500. Our North American Communication Services holdings also did well (Alphabet 9% and Meta Platforms 5%), partly off-set by a weak return for Telus (down 14%) in Canada.

The weakest two sectors in our portfolio for the third quarter were Consumer Staples and Consumer Discretionary. While it has generated a good longer-term return in the portfolio, Dollar General had a very poor quarter (-38%) as it struggles with the effects of tighter purse strings among its lower-income customers, inflation, and a shortage of labour. For similar reasons, in Consumer Discretionary, our Automotive holdings (BMW, CarMax and GM) were weak (with GM also affected by the labour strike in North America).

In the quarter we sold BMW. While it has had a high single-digit annualized return (including dividends) since we purchased it and we still like many of its characteristics, on an overall portfolio basis, we wanted to lessen our exposure to China and the automotive sector. We still hold GM, Magna, and CarMax.

International Equity Investments

We remain invested in two externally-managed pooled funds.[6] EQIT (international developed market equities) fell 4.4% in the quarter and EMEC (emerging market equities) declined 4.2%. Their 12-month returns were 21.4% and 9.2%, respectively. As can happen from quarter to quarter, our international holdings detracted from the performance of the rest of the North American equity portfolio in the most recent quarter, but have been additive for the 12-month period.

While these holdings were buffeted in the uncertain environment last quarter, we think these international equities – with their "established company" orientation, good dividend yield and attractive valuation multiples (especially so when compared to the overall U.S. equity market) – will be a good complement to our North American portfolio. For more information on EQIT and EMEC, please see the Nexus International Equity Fund section of this report.

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[4] The overall and geographic level return data in this section are for the Equity Fund. Equity returns within the Balanced Fund were similar. For specific performance, please refer to the Fund reports that follow or your client-specific report.

[5] The Russell 1000 Value Index includes the approximately 850 largest capitalization value stocks in the U.S. and is more reflective of Nexus's investment approach than the Growth Index. We note that a growth investment style has outperformed value since the end of the global financial crisis, but over longer periods value has outperformed growth.

[6] Both pooled funds are managed by teams from JPMorgan Asset Management in the U.K. and are held in our International, Equity and Balanced Funds.

Pooled Fund Reports

Nexus North American Equity Fund

The Nexus North American Equity Fund declined modestly in the quarter, falling 0.9%. While markets were strong through most of the summer, sentiment deteriorated in September over concerns about inflation, higher interest rates and the spectre of recession.

In the last 12 months, the Fund has gained 13.6%, a strong performance given the unsettled state of markets. The strength was broad-based, with our Canadian stocks up 12.3%, our U.S. stocks up 16.7%, and our international holdings also producing double-digit gains. More detail on the Fund's performance is presented in the table below.

North American equity markets reversed course in the third quarter, giving back some of the gains achieved in the first half of the year. The key item on investors' minds is whether central bankers will need to keep rates high for an extended period to effectively fight inflation. If so, such higher rates could pressure economic expansion and lead to reduced confidence that central bankers will be able to bring inflation to heel without pushing the economy into recession.

Within this context, our North American equity holdings produced mixed results in the quarter. On the positive side, the Energy sector was strong with our Canadian holdings (ARC Resources, Cenovus and Suncor) and U.S. holdings (EOG Resources) each gaining ground alongside strengthened energy commodity prices. Also, our Information Technology holdings performed well, as our value-oriented tech holdings produced good positive returns (Western Digital 20% and Cisco 4%). On the negative side, the Consumer Staples and Consumer Discretionary sectors had a difficult quarter. In particular, Dollar General had a very poor quarter (-38%) as it struggles with the effects of tighter purse strings among its lower-income customers, inflation, and a shortage of labour. While this is disappointing, the company has generated a good longer-term return in the portfolio. Lastly – and for similar reasons – our Automotive holdings (BMW, CarMax and GM) were weak (with GM also affected by labour strikes).

In the third quarter, we sold BMW. While it has had a high single-digit annualized return (including dividends) since we purchased it and we still like many of its characteristics, on an overall portfolio basis, we wanted to lessen our exposure to China and the automotive sector. We still hold GM, Magna, and CarMax.

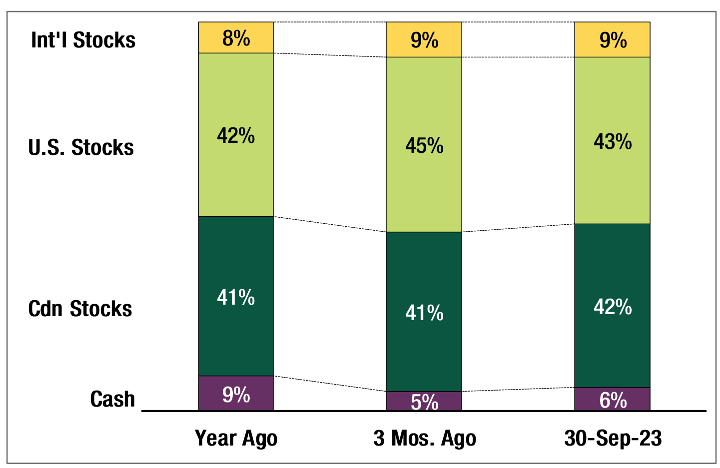
Our international holdings have produced strong returns over the past 12 months, despite a weaker period in the third quarter in which the holdings retreated 4.3%. For more detail, please see the Nexus International Equity Fund section of this report.

At the end of the third quarter, the Fund's cash position was 6%. Our allocation to Canadian stocks was 42%, while U.S. stocks represented 43% of the mix. We have maintained an allocation of 9% to markets outside North America and remain confident that this will provide important diversification to our North American investments.

	Equity Fund	Cdn Stocks	U.S. Stocks	Int'l Stocks
Quarter				
Fund	-0.9%	0.5%	-1.8%	-4.3%
Benchmark	*-1.6%*	*-2.2%*	*-1.2%*	
One Year				
Fund	13.6%	12.3%	16.7%	16.1%
Benchmark	*14.0%*	*9.5%*	*20.0%*	

Returns are presented before deduction of management fees. Benchmarks are (a) for the Fund: 5% FTSE Canada 91 Day T Bill, 50% TSX, and 45% S&P 500 (in C$) (rebalanced monthly); (b) for Cdn Stocks: TSX; and (c) for U.S. Stocks: S&P 500 (in C$).

Investment Returns – As at September 30, 2023



Equity Fund Asset Mix

Nexus North American Balanced Fund

The Nexus North American Balanced Fund declined 1.0% in the third quarter. In a very difficult quarter for fixed income, our bond holdings fell a modest 0.6%, as compared to the 3.9% decline of the Canada Universe Bond Index. Our Canadian stocks produced a modest gain in the period, but this was offset by declines in our U.S. and international holdings.

In the last 12 months, the Fund has produced a total return of 7.8%. We have benefitted from gains in each of the Fund's asset classes, with double-digit gains in our equity holdings and a 1.7% gain for our bond holdings.

The key item on investors' minds is whether central bankers will need to keep rates higher for an extended period to effectively fight inflation. If so, such higher rates could pressure economic expansion and lead to reduced confidence that central bankers will be able to bring inflation to heel without pushing the economy into recession.

For bond markets, the third quarter produced another period of negative returns. Interest rates moved substantially higher across the full range of the yield curve. While no one likes to see negative returns, our strategy of investing in shorter maturities did produce good relative returns in the period, allowing us to sidestep the steeper losses experienced in long-dated bonds and protect against the worst performing parts of the fixed income markets.

North American equity markets reversed course in the third quarter, giving back some of the gains achieved in the first half of the year. Inflation has proven difficult to tame, giving rise to concern that central bankers will need to keep interest rates higher for an extended period. This has caused consternation among equity investors as a "higher-for-longer" scenario could put economic expansion under pressure, or worse, lead to a full-blown recession.

Within this context, our North American equity holdings produced mixed results in the quarter. On the positive side, the Energy sector was strong with our Canadian holdings (ARC Resources, Cenovus and Suncor) and U.S. holdings (EOG Resources) each gaining ground alongside strengthened energy commodity prices. Also, our Information Technology holdings performed well, as our value-oriented tech holdings produced good positive returns (Western Digital 20% and Cisco 4%). On the negative side, the Consumer Staples and Consumer Discretionary sectors had a difficult quarter. In particular, Dollar General had a very poor quarter (-38%) as it struggles with the effects of tighter purse strings among its lower-income customers, inflation, and a shortage of labour. While this is disappointing, the company has generated a good longer-term return in the portfolio. Lastly – and for similar reasons – our Automotive holdings (BMW, CarMax and GM) were weak (with GM also affected by labour strikes).

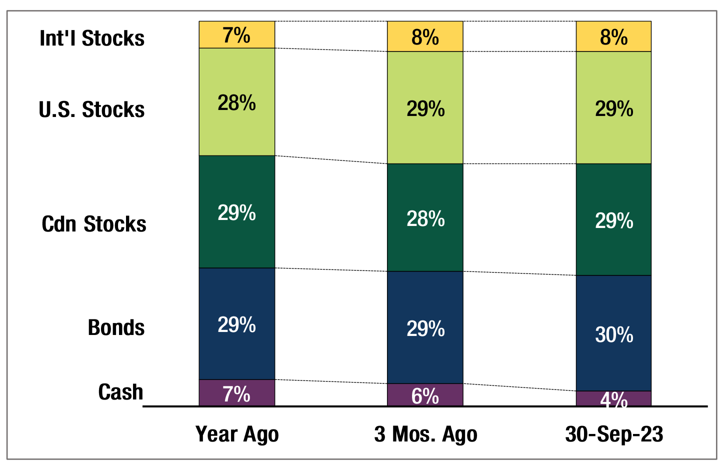
Our international holdings have produced strong returns over the past 12 months, despite a weaker period in the third quarter in which the holdings retreated 4.3%. For more detail, please see the Nexus International Equity Fund section of this report.

At the end of the quarter, cash represented 4% of the Fund's asset mix, bonds were 30% and stocks accounted for the remaining 66%.

	Balanced Fund	Bonds	Cdn Stocks	U.S. Stocks	Int'l Stocks
Quarter					
Fund	-1.0%	-0.6%	0.7%	-2.2%	-4.3%
Benchmark	*-2.3%*	*-3.9%*	*-2.2%*	*-1.2%*	
One Year					
Fund	7.8%	1.7%	10.2%	11.6%	16.1%
Benchmark	*8.5%*	*-1.4%*	*9.5%*	*20.0%*	

Returns are presented before deduction of management fees. Benchmarks are (a) for the Fund: 5% FTSE Cda 91Day TBill, 30% FTSE Cda Universe Bond, 40% TSX, and 25% S&P 500 (in C$) (rebalanced monthly); (b) for Bonds: FTSE Cda Univ. Bond; (c) for Cdn Stocks: TSX; and (d) for U.S. Stocks: S&P 500 (in C$).

Investment Returns – As at September 30, 2023



Balanced Fund Asset Mix

Nexus North American Income Fund

The Nexus North American Income Fund declined 1.6% in the third quarter. It was a challenging period for bond markets, with the Canada Universe Bond Index falling 3.9%. Our bond holdings were also down (-0.7%), but by much less than the benchmark, as they were sheltered by our short-duration positioning and emphasis on high-quality bonds. Our Canadian and U.S. stocks detracted from returns this quarter.

In the last 12 months, the Fund has gained 0.5% as compared to the 1.4% decline of the Fund's benchmark during the same period. Our gains have been propelled by our bond holdings, which managed to produce positive returns during a tough environment for fixed income investors.

More detail on the Fund's performance is displayed in the table below.

For bond markets, the third quarter produced another period of negative returns. Interest rates moved substantially higher across the full range of the yield curve. While no one likes to see negative returns, our strategy of investing in shorter maturities did produce good relative returns in the period, allowing us to sidestep the steeper losses experienced in long-dated bonds and protect against the worst performing parts of the fixed income markets.

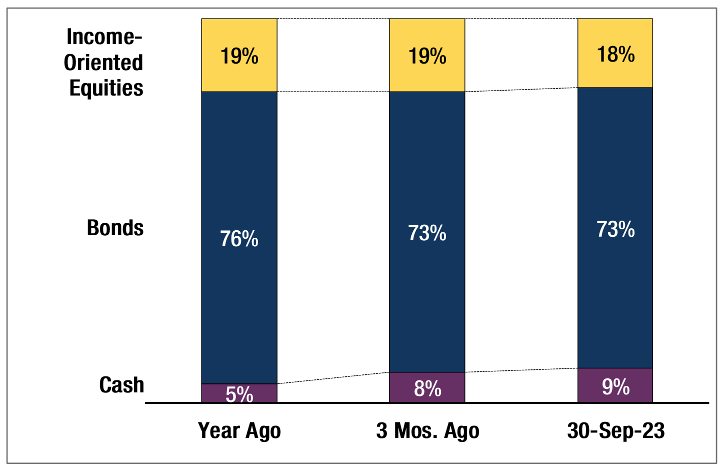
The income-oriented equities in the portfolio fell this quarter, pressured by rising interest rates and continued investor preference for more speculative growth stocks. Despite the weak recent performance, our allocation to income-oriented equities has delivered good returns over longer time periods.

At the end of the quarter, the Fund's cash position was 9%, Income-Oriented Equities accounted for 18% and the balance, 73%, was in our core bond holdings.

	Income Fund	Bonds	Cdn Stocks	U.S. Stocks
Quarter				
Fund	-1.6%	-0.7%	-8.0%	-3.2%
Benchmark	*-3.9%*	*-3.9%*		
One Year				
Fund	0.5%	1.6%	-6.8%	-2.5%
Benchmark	*-1.4%*	*-1.4%*		

Returns are presented before deduction of management fees. Benchmarks are (a) for Fund: FTSE Canada Universe Bond; (b) for Bonds: FTSE Canada Universe Bond. In addition to bonds, up to 20% of the Fund's portfolio may be invested in equities.

Investment Returns – As at September 30, 2023



Income Fund Asset Mix

Nexus International Equity Fund

The Nexus International Equity Fund holds two underlying funds: EQIT (invested in international developed market equities) and EMEC (invested in emerging market equities).[7]

The Fund declined by 4.3% in the third quarter. EQIT fell 4.4% in the period, while EMEC fell 4.2%.

Over the last 12 months, EQIT and EMEC performed well, but EQIT stood out with a gain of 21.4%, while EMEC was up 9.2%.

More detail on the Fund's performance is presented in the table below.

European markets declined in the quarter amid worries of an economic slowdown driven by higher interest rates. The European Central Bank (ECB) raised interest rates twice in the quarter to combat inflation. While initial estimates suggest that inflation in the eurozone fell in September to 4.3%, this remains above the ECB's inflation target. Consumer demand remained sluggish, as evidenced by weak retail sales figures, while recent PMI data showed the private sector contracted in the quarter.

Following a strong first half of the year, the Japanese equity market (TOPIX) was the best-performing major equity market in the third quarter. It recorded a modest positive gain in local currency, setting it apart from most other major markets, which declined in the period.

China's economic recovery remained lacklustre as its property market faces significant upheaval. The stimulus measures enacted by China's government and central bank have been smaller than some observers had hoped for and have had limited success in stabilizing the property market or improving domestic demand. Exports, the once reliable growth engine for the country, have also weakened as global demand slows.

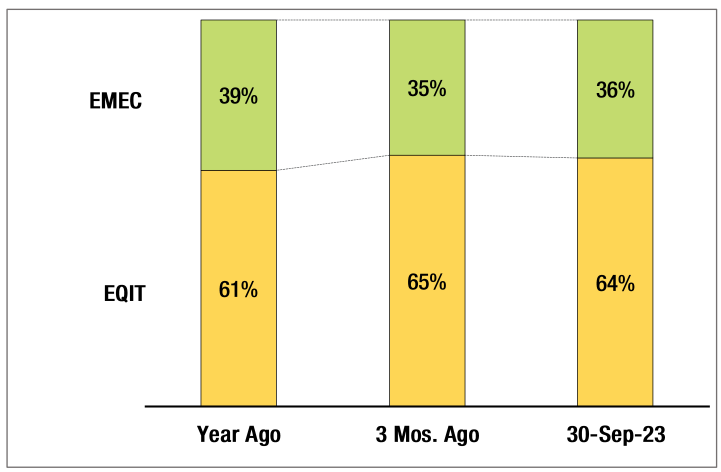
As long-term investors, we continue to see merit in holding international stocks. In addition to the general benefit of increased diversification, international holdings also provide access to a broader opportunity set beyond that available in Canada and the U.S. What's more, the growth potential, dividend yields and valuations in these markets remain compelling.

At the close of the third quarter, the International Equity Fund's investment in EQIT accounted for 64%, while EMEC accounted for 36%.

	International Equity Fund	EQIT	EMEC
Quarter			
Fund	-4.3%	-4.4%	-4.2%
Benchmark	*-1.8%*	*-2.1%*	*-0.9%*
One Year			
Fund	16.7%	21.4%	9.2%
Benchmark	*20.5%*	*23.9%*	*10.2%*

Returns are presented before deduction of management fees. Benchmarks are (a) for Fund: 75% MSCI EAFE (in C$) and 25% MSCI Emerging Mkts (in C$) (rebalanced monthly); (b) for EQIT: MSCI EAFE (in C$); and (c) for EMEC: MSCI Emerging Mkts (in C$).

Investment Returns – As at September 30, 2023



International Equity Fund Asset Mix

[7] International developed markets or "EAFE" includes Europe, Australasia and the Far East. Emerging markets include 24 developing countries. EQIT and EMEC are managed by JPMorgan Asset Management in the U.K. The Nexus Balanced and Equity Funds have also held EQIT and EMEC for some time and continue to do so.