Quarterly Investment Review

February 10, 2025

NEXUS

Agenda

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

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 at $3.0 billion

- We now have 26 people

[1] Calculated as the average annual retention rate from December 31, 2014 to December 31, 2024.

Current Environment

Trade uncertainty adds to an already strained backdrop in Canada

- Tariffs could have a profound impact on economic growth
- Canada's economy and labour market have lagged the U.S.
- As a result, Canada's policy rate is notably lower than the U.S.
- As policy rates have diverged, the Canadian dollar has weakened

Current Environment

Tariffs could have a profound impact on economic growth

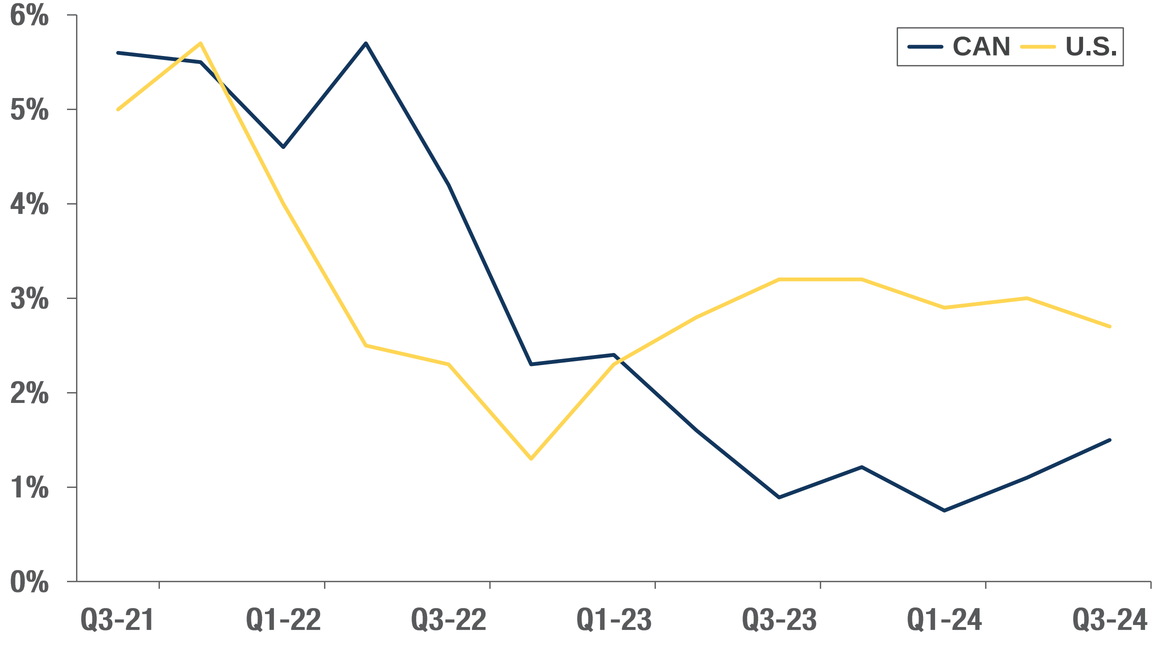
- The U.S. has threatened to apply a 25% tariff on all goods imported from Canada (10% on Oil & Gas)
  - The trade conflict has potential to escalate further and affect global economic growth
- Economic consequences of a trade conflict would have a greater effect on Canada
  - Slower GDP growth (exports to the U.S. account for 19% of Canadian GDP[1])
  - Potential recession (slower growth, weaker labour market)
  - Resurgence of inflation (tariffs would add inflationary pressure)
  - Reduced business confidence and investment
  - Weaker Canadian dollar
- Canadian stocks have more of an embedded margin of safety thanks to the lower valuation multiple, compared to the U.S. stock market.

(1) Scotiabank Economics

Current Environment

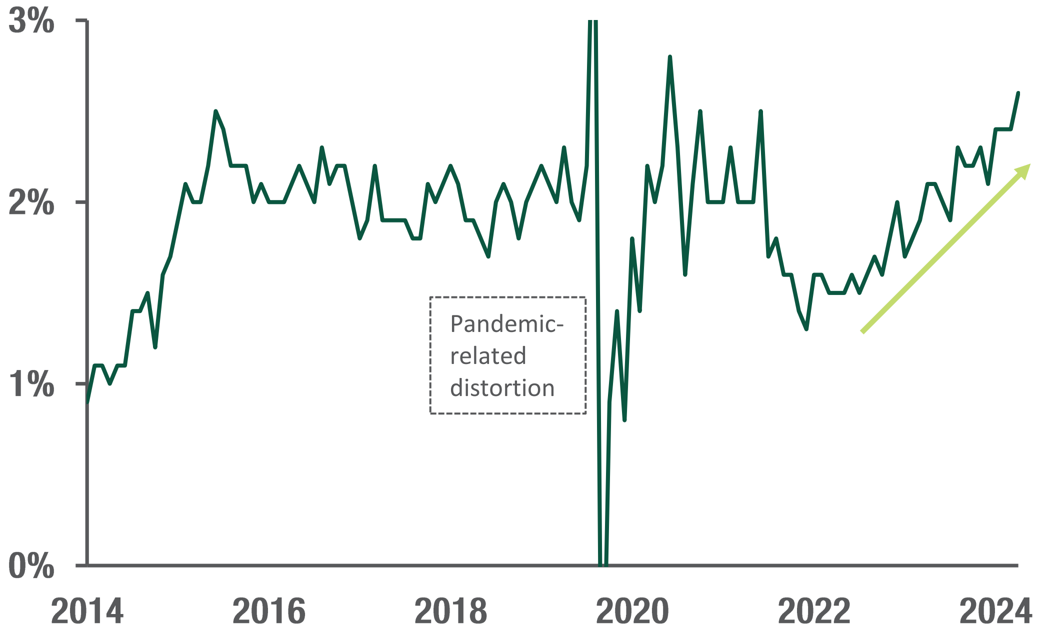
Canada Lagging U.S. Economy

Canada's economy and labour market have lagged the U.S.



Real GDP Growth (Quarterly, YoY)

- Economic growth more resilient than expected given a period of high inflation and high interest rates
- Government spending and strong labour markets have supported growth
- U.S. economy stronger than Canada's



Unemployment Rate Differential (Canada – US)

- Canada's unemployment rate increased from 5.0% in 2022 to 6.8% in 2024
- The U.S. has gone from 3.5% to 4.2%, widening the relative gap

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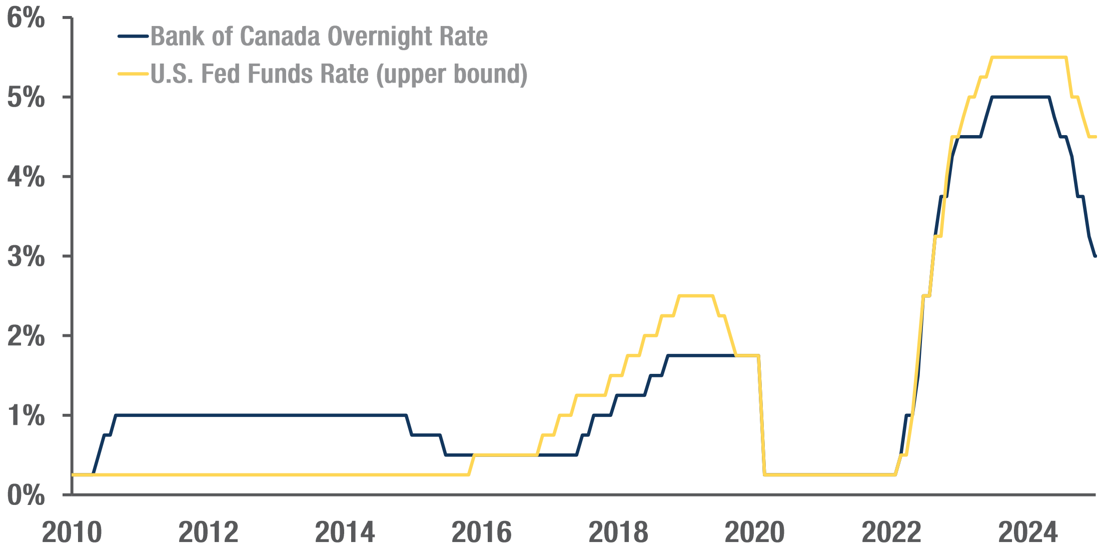
Source: Bloomberg

Current Environment

As a result, Canada's policy rate is significantly lower than the U.S.



Canada and U.S. Policy Rates

- Canada has cut the policy rate from 5.0% to 3.0% since last June
- Over the same period, the U.S. has cut from 5.5% to 4.5%
- This differential exceeds historical averages and reflects Canada's relative economic underperformance

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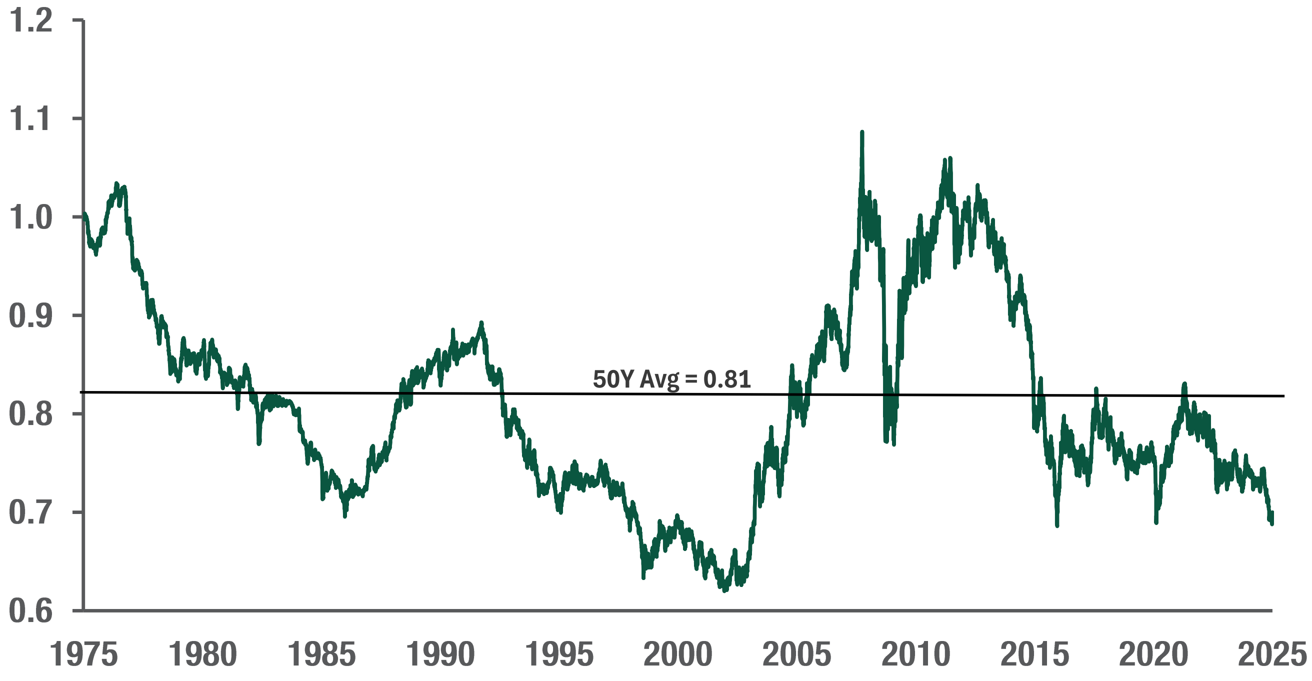
Source: Bloomberg

Current Environment

Canada Lagging U.S. Economy

As interest rates and economies diverge, the Canadian dollar has weakened



Price of 1 CAD in USD

- On Feb. 2, the Canadian dollar reached 0.67 U.S. dollars, the lowest level since 2003

Source: Bloomberg

Current Environment

Navigating uncertainty requires a disciplined, long-term investment approach

- Policy volatility from the new U.S. administration
- Political uncertainty with Trudeau’s resignation
- Significant stock market concentration
- Geopolitical risk

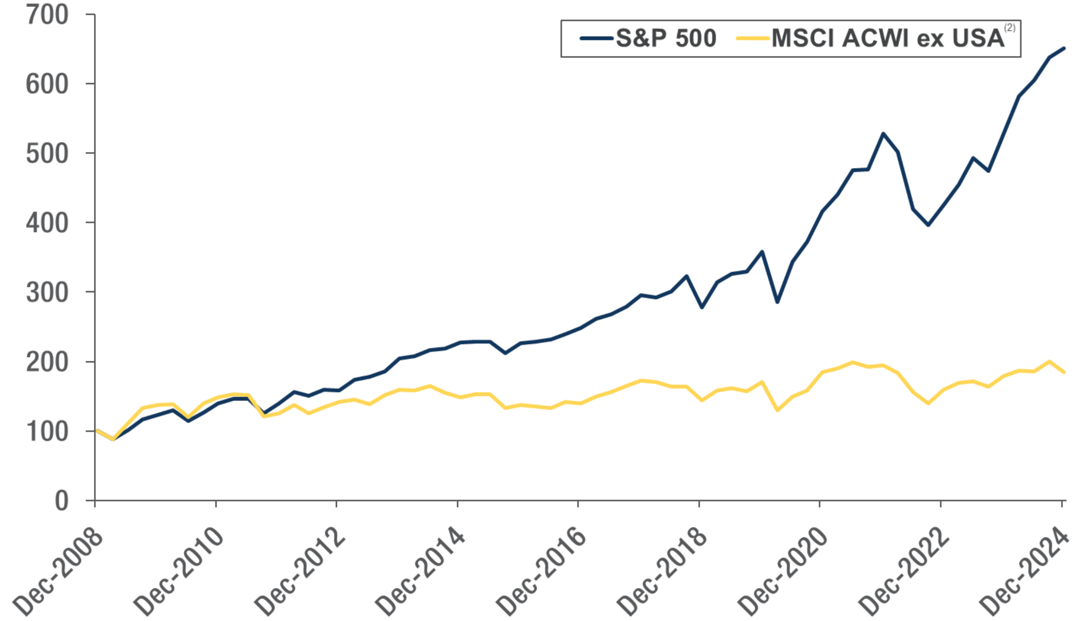
Portfolio Overview

Our portfolios aim to maintain diversification and adhere to our investment principles

- "American exceptionalism" has been a dominant, enduring theme in financial markets
  - Since the global financial crisis, American stocks have outperformed global counterparts
  - U.S. corporate profit margins have risen
  - U.S. valuations are elevated, reflecting high expectations
- A diversified portfolio, invested in reasonably valued and quality businesses, should yield favourable performance over time
- Asset allocations remain aligned with our long-term guidelines

Portfolio Overview

American stocks have outperformed the rest of the world since the global financial crisis



Price Returns Index (December 2008 – December 2024) [1]

- Reasons for this exceptional performance include:
  - Stronger growth
  - Superior innovation
  - Higher profit margins
  - Rising P/E multiples

Source: Bloomberg

[1] Price returns from December 31, 2008 to December 31, 2024 in U.S. dollars

[2] MSCI ACWI ex-USA is the MSCI All-Cap World Index excluding the U.S. region

Portfolio Overview

Higher Profit Margins

U.S. corporate profit margins have marched higher

U.S. Corporate Profit Margins (January 2000 – July 2024) [1]

- Reasons for rising U.S. profit margins:
  - Globalization
  - Efficiency-enhancing technology advances
  - Lower taxes
  - Lower interest costs

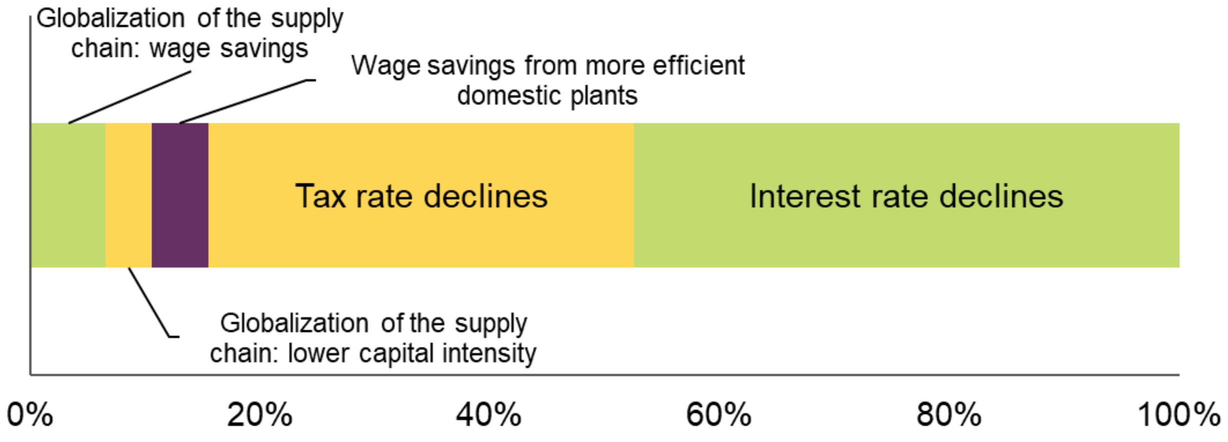
Source: Federal Reserve Economic Data, Federal Reserve Bank of St. Louis

[1] Corporate profits with inventory valuation and capital consumption adjustments / (Gross value added of nonfinancial corporate business + gross value added of financial corporate business)

Portfolio Overview

Higher Profit Margins

But are continued margin improvements likely?



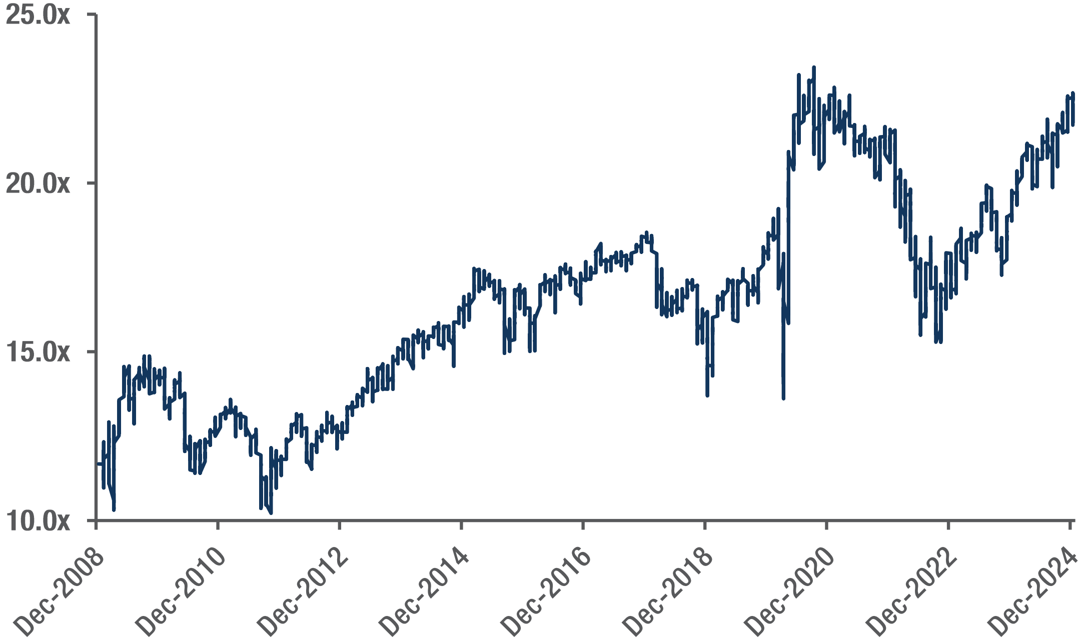
Largest Contributors to S&P 500 Margin Expansion From 2000 to 2019

- Largest contributors to rising profits have been:
  - Lower interest costs
  - Lower taxes

Source: J.P. Morgan

Portfolio Overview

Investors have also valued those profits more highly



S&P500 Forward Price/Earnings Ratio (2009-2024) [1]

- The U.S. stock market is expensive relative to history

Valuation measure	Description	Latest	30-year avg.	Std. dev. over/under-value
P/E	Forward P/E	21.5x	16.9x	1.41
CAPE	Shiller's P/E	37.0x	28.0x	1.48
Dividend Yield	Dividend Yield	1.3%	2.0%	1.82
P/B	Price to book	4.5x	3.2x	1.52
P/CF	Price to cash flow	16.5x	11.3x	2.17
EY Spread	EY minus Baa yield	(0.9%)	0.7%	0.71

Other Measures of U.S. Valuation Levels [2]

- Most metrics above historical averages by greater than 1 standard deviation

Source: Bloomberg, J.P. Morgan

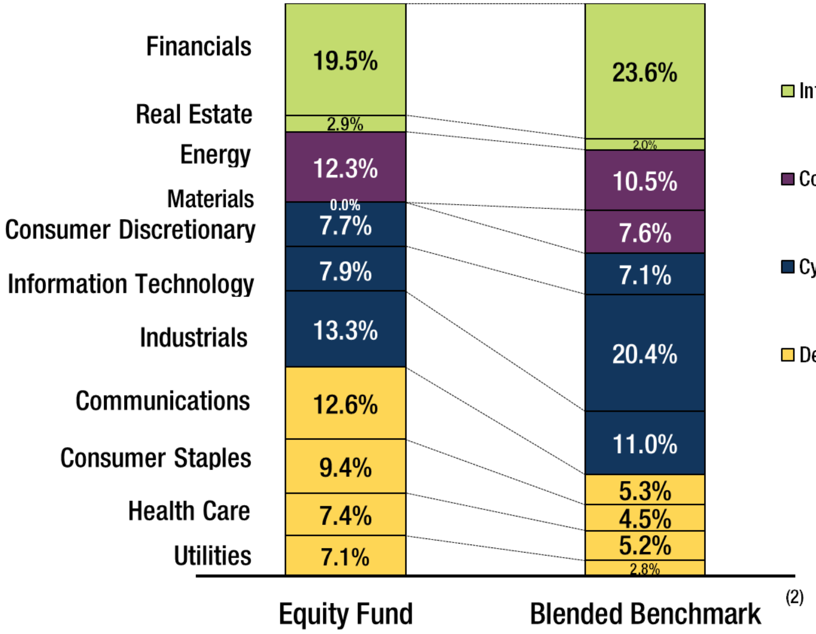
(1) The forward price/earnings ratios are based on Bloomberg consensus estimates, at that time, for earnings in the next 12 months.

(2) Average P/E and standard deviations are calculated using 30 years of history. Shiller's P/E uses trailing 10-years of inflation-adjusted earnings as reported by companies. Dividend yield is calculated as the next 12-months consensus dividend divided by most recent price. Price-to-book ratio is the price divided by book value per share. Price-to-cash flow is price divided by NTM cash flow. EY minus Baa yield is the forward earnings yield (consensus analyst estimates of EPS over the next 12 months divided by price) minus the Bloomberg US corporate Baa yield since December 2008 and interpolated using the Moody's Baa seasoned corporate bond yield for values beforehand. Std. dev. over-/under-valued is calculated using the average and standard deviation over 30 years for each measure. Averages and standard deviations for dividend yield and P/CF are since November 1995 due to data availability.

Portfolio Overview

Diversification & Investment Discipline

2025: A pivotal time to ensure diversification and investment discipline



Nexus Equity Sector Allocation (1)

	S&P 500	TSX	Nexus Equity Fund
Forward Price / Earnings	22.5x	15.3x	14.9x
Price / Book	5.1x	2.1x	2.1x
Dividend Yield	1.2%	2.7%	2.9%

Comparable Valuation Metrics (3)

As at January 31, 2025

Source: Bloomberg.

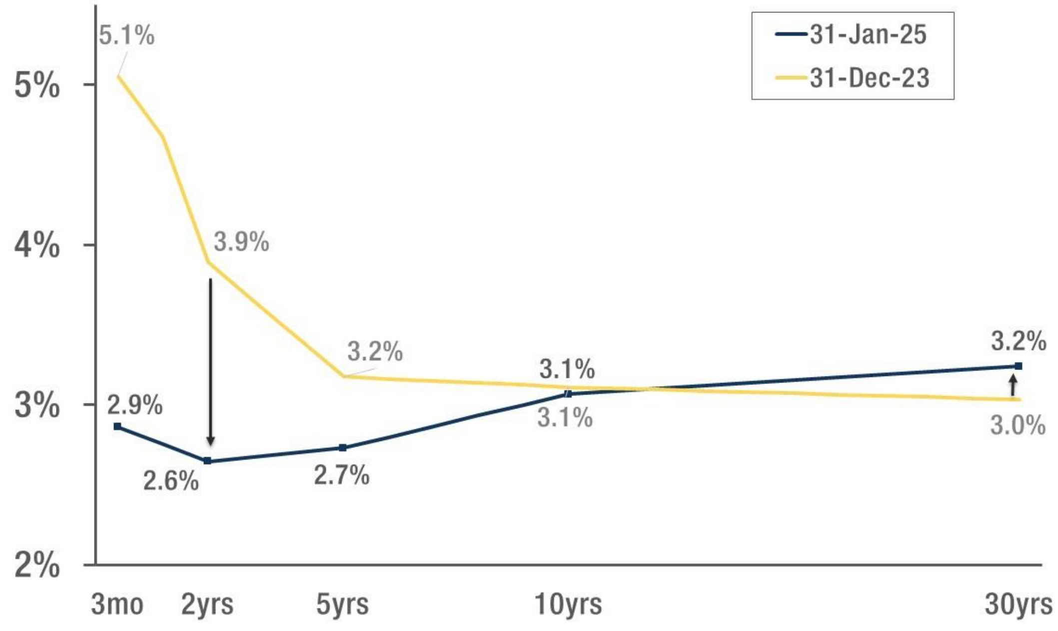
(1) Includes Canadian and U.S. equities; as at January 31, 2025.

(2) The blended benchmark is a combination of the Bloomberg Canada Large, Mid & Small Cap Total Return Index and the Bloomberg US Large Cap Total Return Index, 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 January 31, 2025. P/E and P/B ratios in this table are calculated using a weighted harmonic mean.

Portfolio Overview

After years of inversion, the Government of Canada yield curve is upward sloping



Government of Canada Yield Curve

- The shift in yields that occurred in 2024 favoured our short duration positioning
- The difference between shorter- and longer-dated bond yields is still small by historical standards

Source: Bloomberg

Portfolio Overview

Equity Portfolio Changes

Proceeds from sells and trims have been reinvested into a mix of new and existing holdings

Canadian Equities

Buy	Sell
Canadian National Railway	—

Add	Trim
Telus	ARC Resources Cenovus Energy Suncor Energy Finning International

Foreign Equities

Buy	Sell
Visa Inc. Texas Instruments	General Motors Boston Scientific Western Digital

Add	Trim
Dollar General	Meta Platforms Microsoft EOG Resources

12 months ended January 31, 2025

Portfolio Overview

Canadian National Railway

CNR: A proven leader in rail transportation

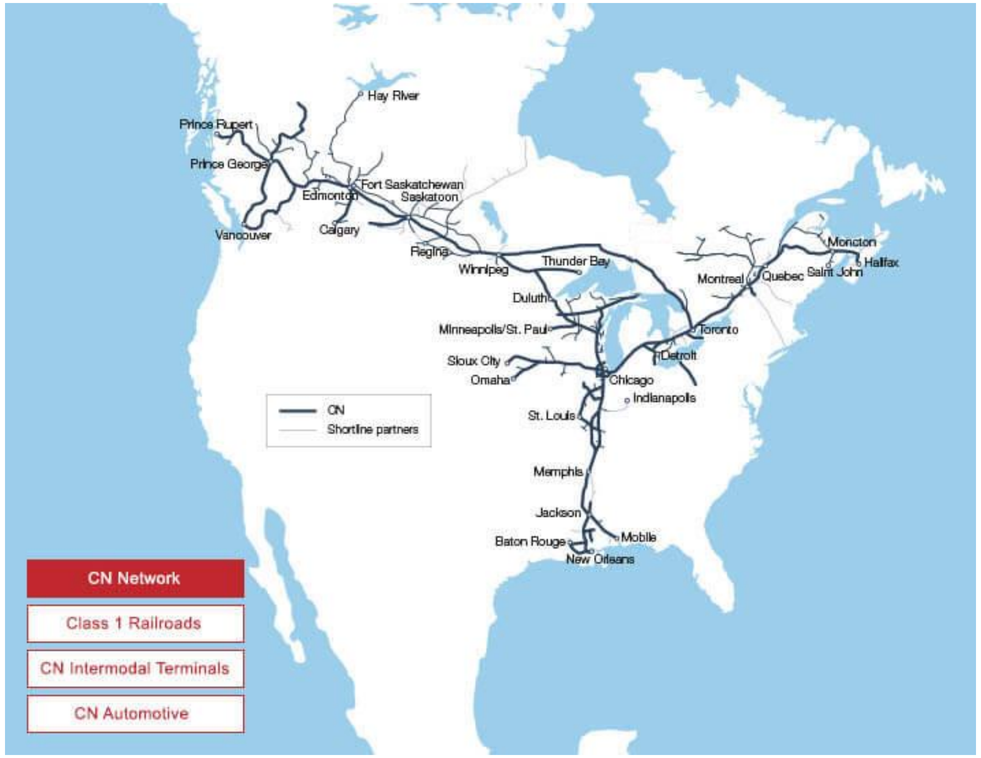
- Operates a transcontinental railway network transporting freight across Canada and the U.S.
- Its 32,000 km rail network links ports on the Pacific, Atlantic and the Gulf of Mexico
- Key cargo types
  - Intermodal – containers
  - Petroleum & Chemicals – crude oil, refined products
  - Grains & Fertilizers
  - Forest products – lumber, paper
  - Metals & Minerals – steel, aluminum
  - Automotive – Cars and parts
  - Coal – thermal and metallurgical coal

Source: iStock

Portfolio Overview

Canadian National Railway

Canadian National Railway is a high-quality, growing business trading at a reasonable valuation

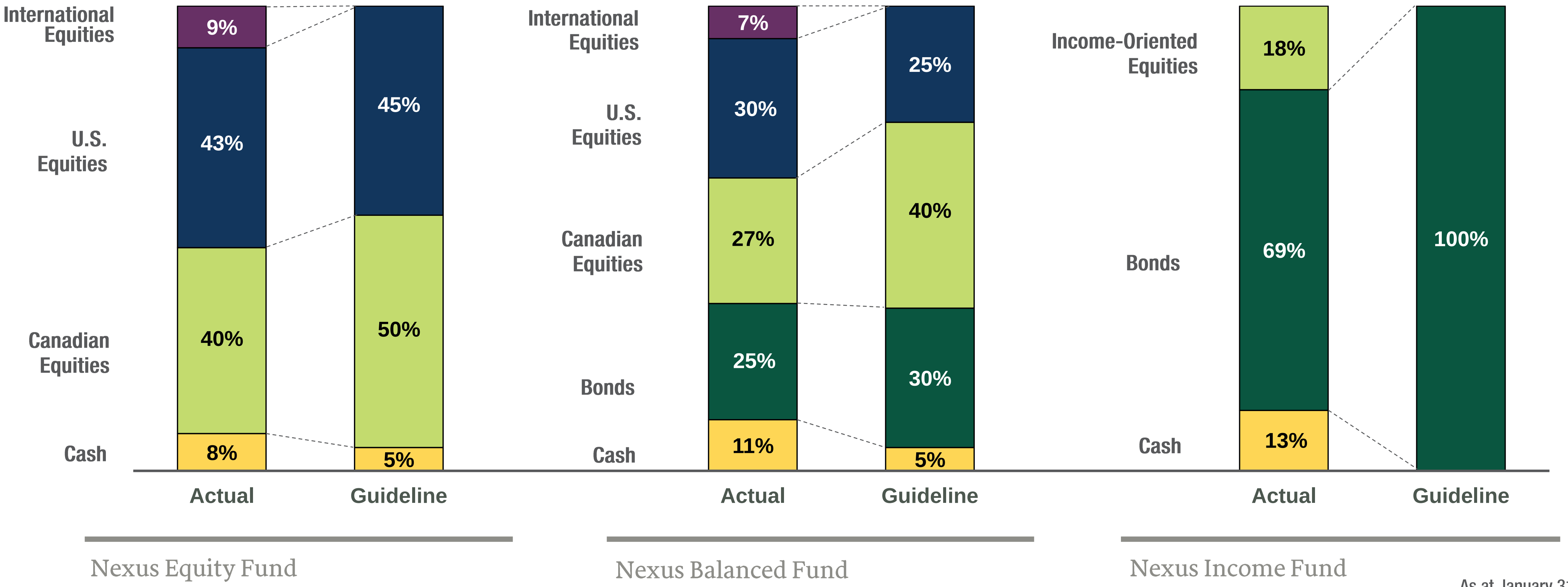


- Competitive advantages
  - Oligopolistic industry with high barriers to entry
  - Compelling asset quality
  - Exclusive port access to Prince Rupert, B.C. and Halifax
  - Strong pricing power
  - Diversified end-markets, reduces cyclicality
- Strong financial characteristics
  - Double-digit return on invested capital
  - Strong balance sheet
  - Raised dividend for 27 consecutive years
- Short-term pressures led to lower valuation
  - Canadian rail worker and port worker strikes
  - Jasper wildfires

Source: www.cn.ca

Portfolio Overview

Overall equity allocations are close to long-term guidelines



As at January 31, 2025

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

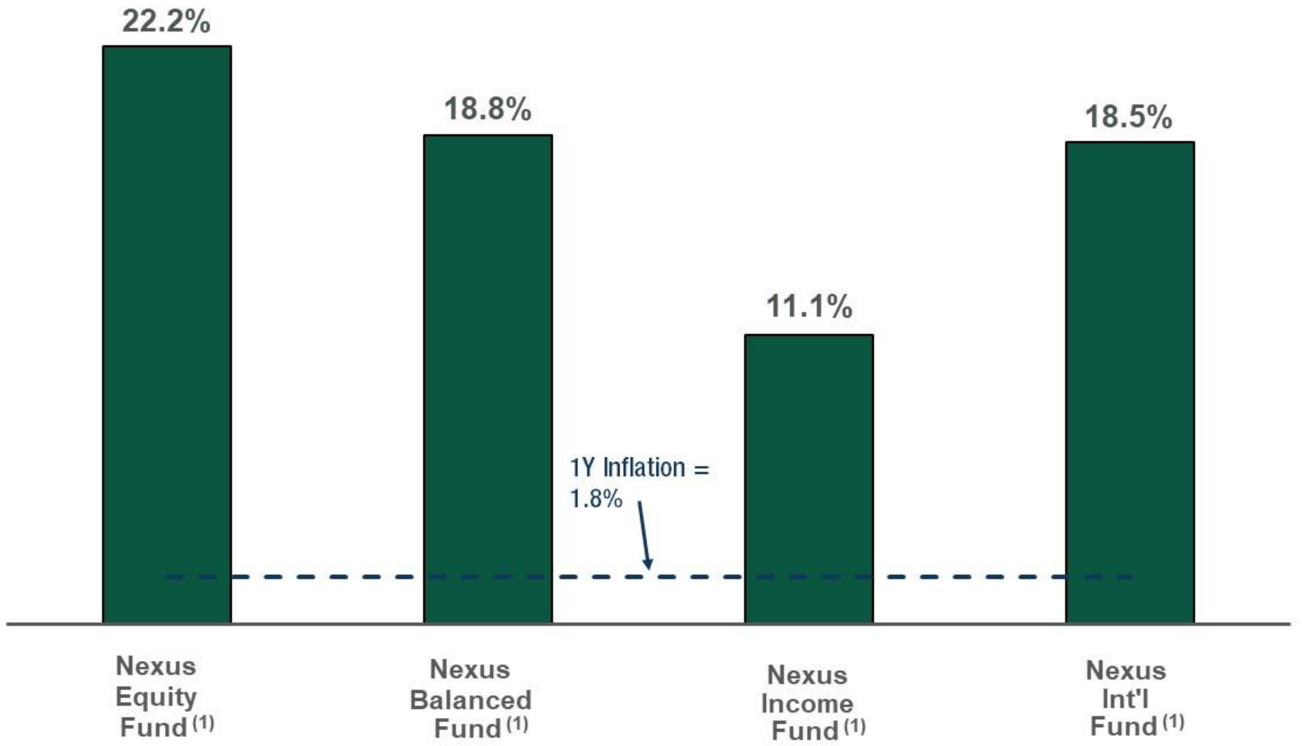
Investment Performance

Client portfolios enjoyed strong returns in the last year

- Equity returns were robust on an absolute basis
  - Nexus gains captured much, but not all, of the benchmark return – relatively few growth stocks continued to lead the market higher
  - Canadian stock returns were healthy; U.S. equities by far the best
  - International equities were reasonable
- Bond returns were strong and outperformed the benchmark
- Longer-term risk / return characteristics are attractive
- Our approach differs from the indices – performance will inevitably diverge at times like the present

Investment Performance

One-year equity returns have been strong, but trail the concentrated, AI-driven index returns



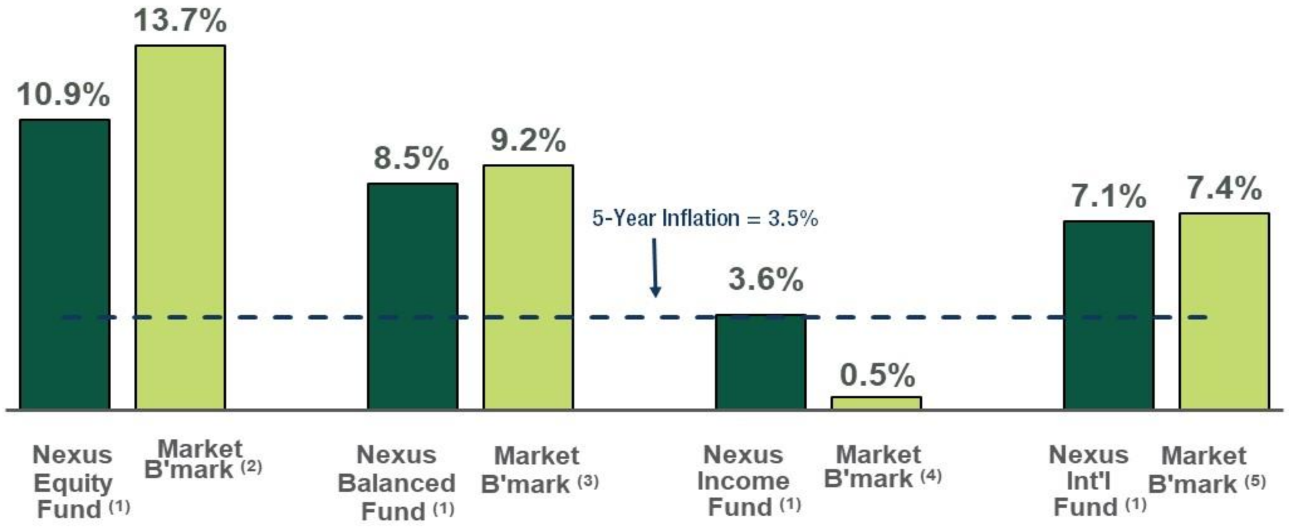
12-Month Return of Nexus Funds [1]

12 months ended January 31, 2025

[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

Five-year returns have been robust, led by strong gains in equity markets



5-Year Annualized Return

5 Years ended January 31, 2025

(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.
(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

10-year returns remain better than expected long-term returns

10-Year Annualized Return

10 Years ended January 31, 2025

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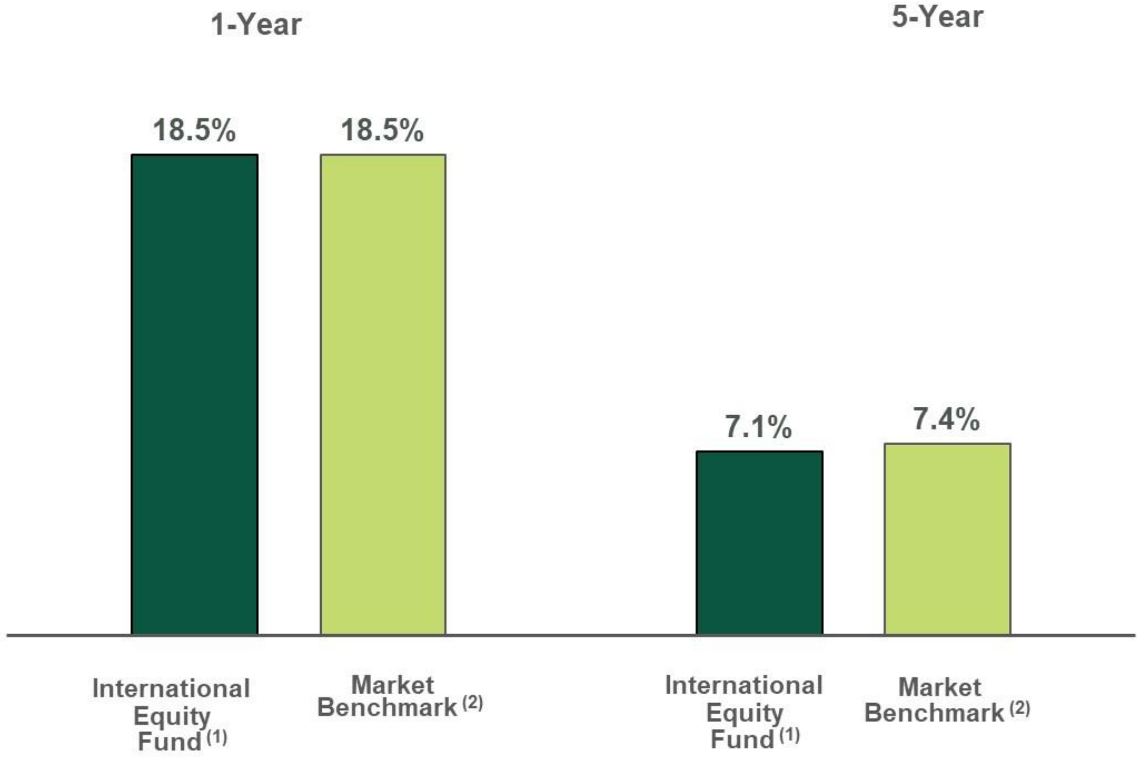
(3) Balanced Fund market benchmark is 5% FTSE Canada 91 Day T-Bill Index, 30% FTSE Canada Universe Bond Index, 40% TSX, and 25% S&P 500 (in C$); rebalanced monthly.

(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

Strong returns in the last year have helped the International Equity Fund rebound from a tough earlier period



Nexus International Equity Fund

Periods ended January 31, 2025

(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.

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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
- 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

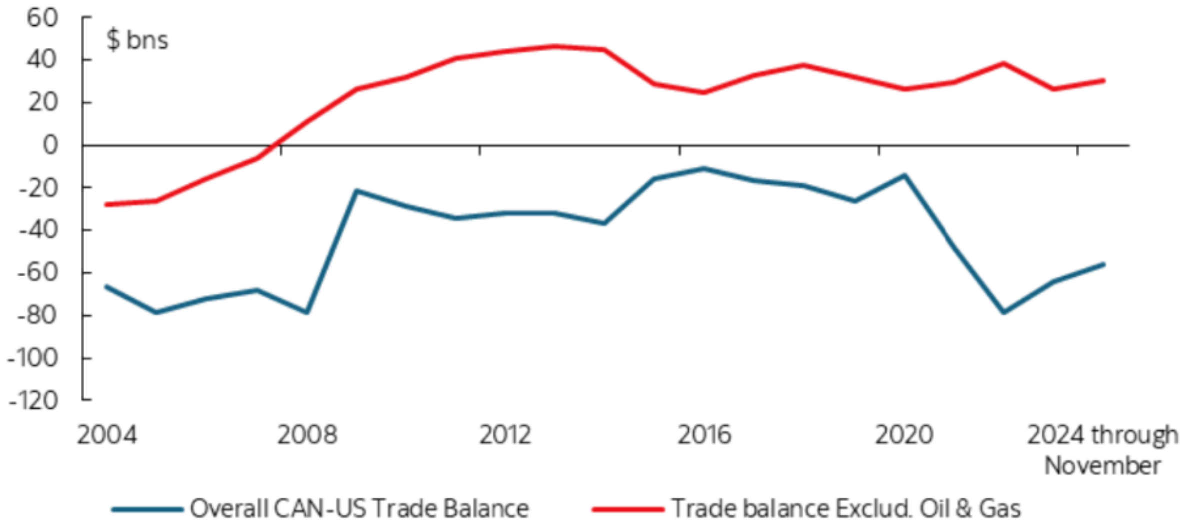
Thank you

Q & A

Appendix

Portfolio Overview

Tariffs could have a profound impact on Canadian economy



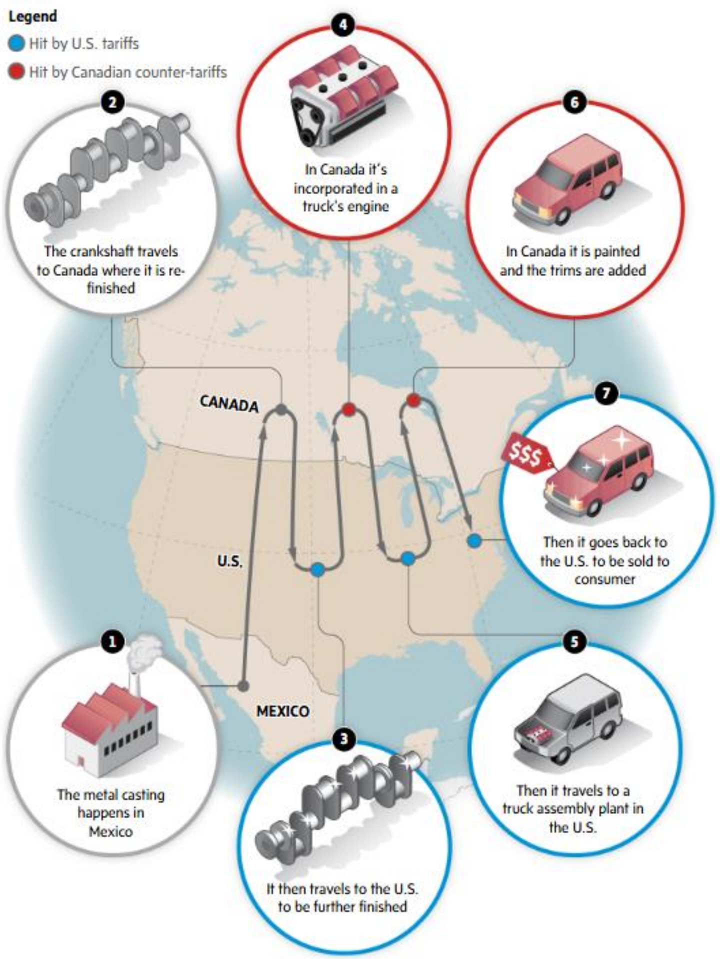
Canada Runs a Trade Deficit with the U.S. if Oil & Gas is Excluded

- The U.S. has threatened to apply a 25% tariff on all goods imported from Canada (10% on Oil & Gas)
- In 2023, the U.S. ran a $41 bn USD trade deficit with Canada
  - Excluding energy, this becomes a $63 bn USD surplus for the U.S.
- Trade dependency between the two countries
  - The U.S. accounted for 77% of Canadian goods exports and 63% of Canadian goods import
  - Canada represented 18% of total U.S. goods exports and 14% of U.S. goods imports
- Exports to the U.S. accounted for approximately 19% of Canadian GDP in 2023.

Source: Scotiabank Economics

Portfolio Overview

A 25% tariff would be challenging for the entire auto industry



- The North American auto supply chain is highly integrated across borders
- Tariffs would be:
  - Inflationary for auto manufacturers (higher input costs)
  - Inflationary for consumers (estimated $3k price increase)
  - Negative for overall auto production volumes

Source: The Globe & Mail.

Portfolio Overview

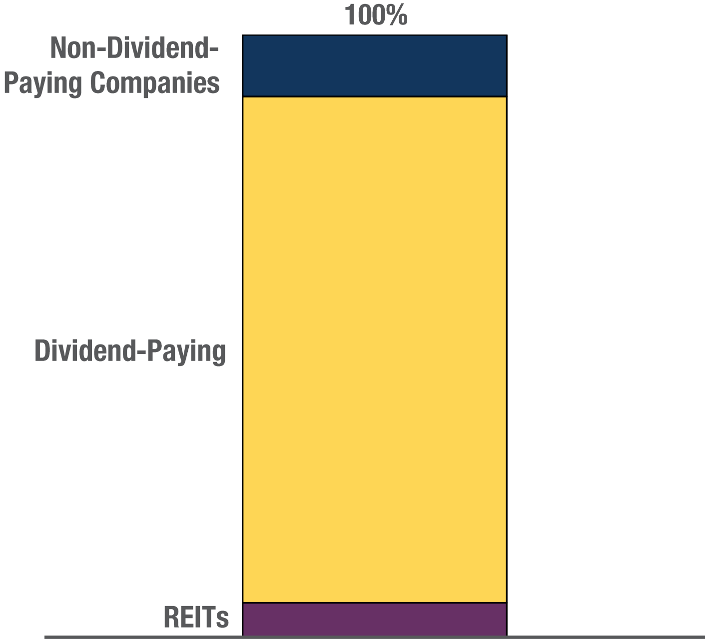
Trump's Day 1 Executive Orders

Tariffs	Immigration	Energy and Infrastructure	Deregulation	Other Executive Orders
China	Mass deportations	Streamlining permits	Federal hiring freeze	Creation of DOGE
Mexico/Canada	Military border enforcement	Rollback of EV mandates	Rescinding some Biden-era Executive Orders	Jan. 6 pardons
Global tariffs	Asylum/Refugee rules	Withdrawal from Paris Climate Accord	Freezing issuance of new regulations	Withdrawal from WHO
	End of birthright citizenship	Suspension of certain environmental regulations	… and more	Declassification of records (e.g., JFK assassination)
	… and more	… and more		DEI
				… and more

Portfolio Overview

Equities

Our North American equities combine defensiveness and growth



Nexus North American Equity Portfolio (1)

- 3 stocks
- Reinvesting profits into growth initiatives
- 23.8x average forward P/E multiple

- 36 stocks
- 3.0% average dividend yield
- Average dividend growth of 7.6% per year over 5 years
- 14.3x average forward P/E multiple

- 3 Real Estate Investment Trusts
- Average distribution yield of 8.5%
- Average Price/NAV of 66%

As at December 31, 2024

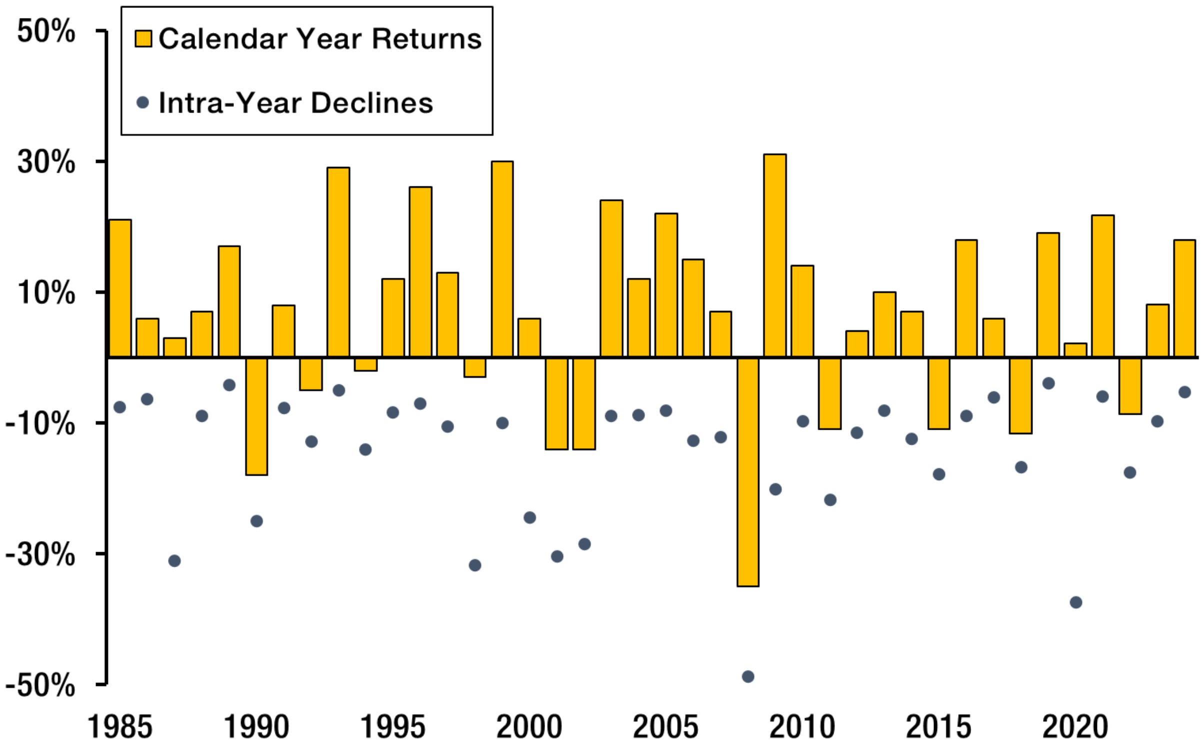
Source: Bloomberg.

(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

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]

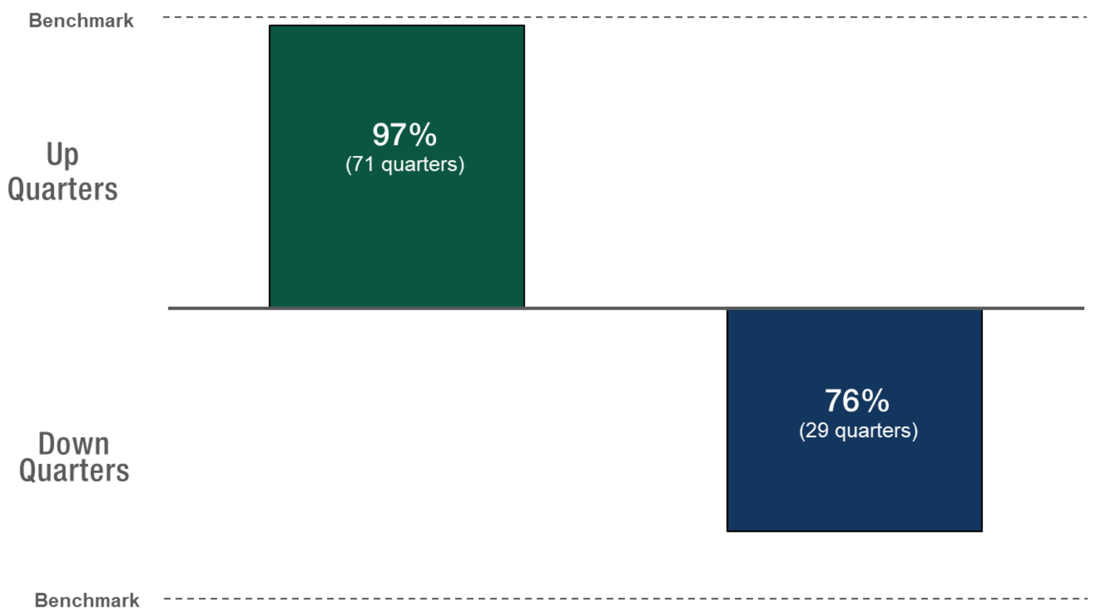
- Despite average intra-year declines of 15%, annual returns were positive in 29 of 40 years

Source: Bloomberg.

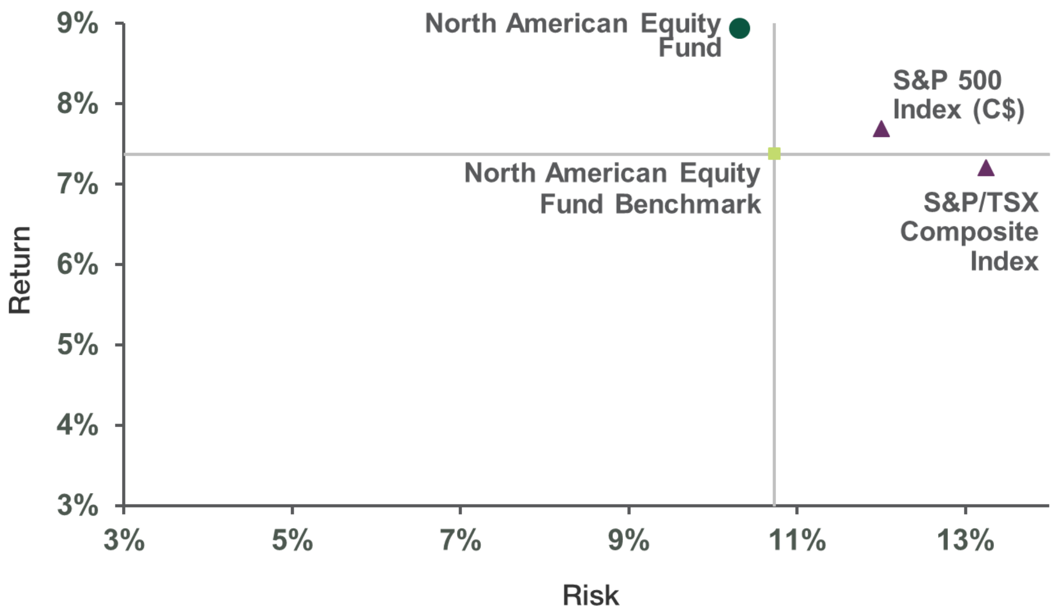
[1] Returns are compound annual average, time-weighted, price-only rates measured in Canadian dollars and calculated without deducting any fees or expenses. Past performance is not indicative of future results. As of December 31, 2024.

Investment Performance

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]

- Equity Fund

(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.

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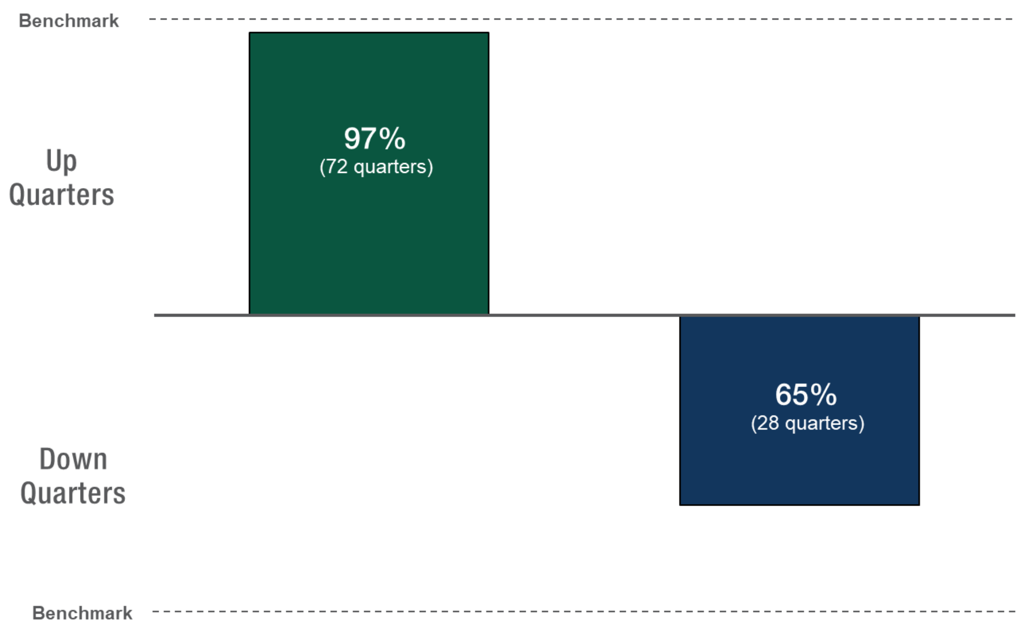
(4) Risk is calculated as the annualized standard deviation of monthly returns since January 1, 2000.

Period ending December 31, 2024

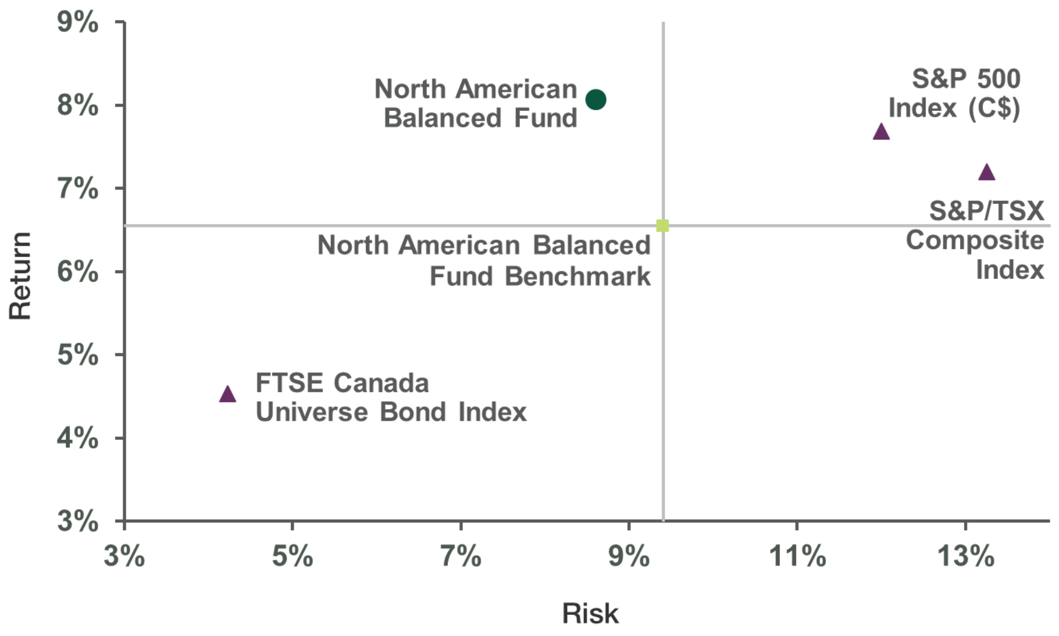
Investment Performance

Balanced Fund

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



Balanced Fund Up- & Down-Market Capture Ratios [1,2,3]



Risk / Return Profile Since January 1, 2000 [2,3,4]

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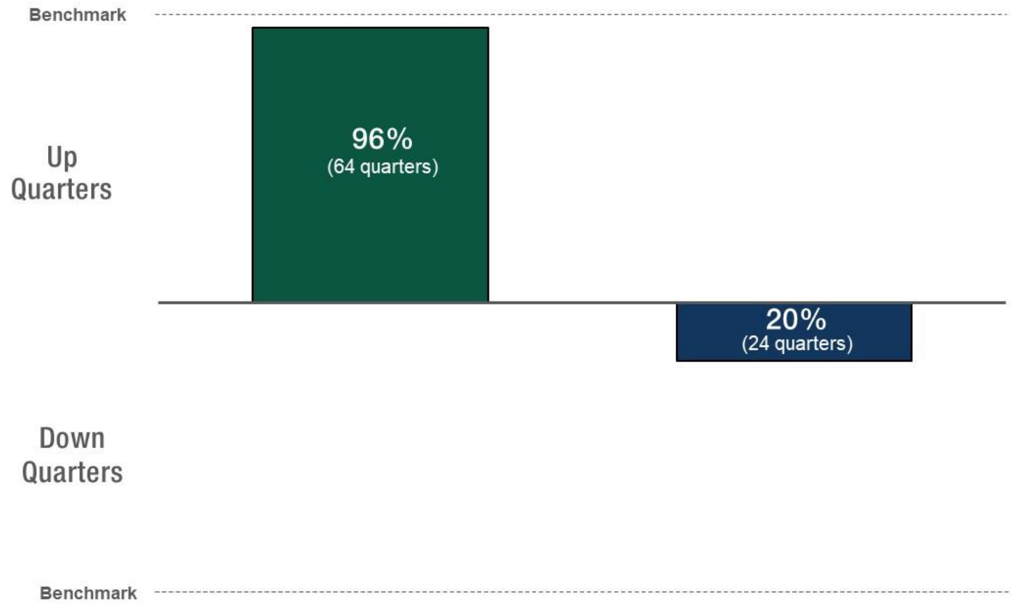
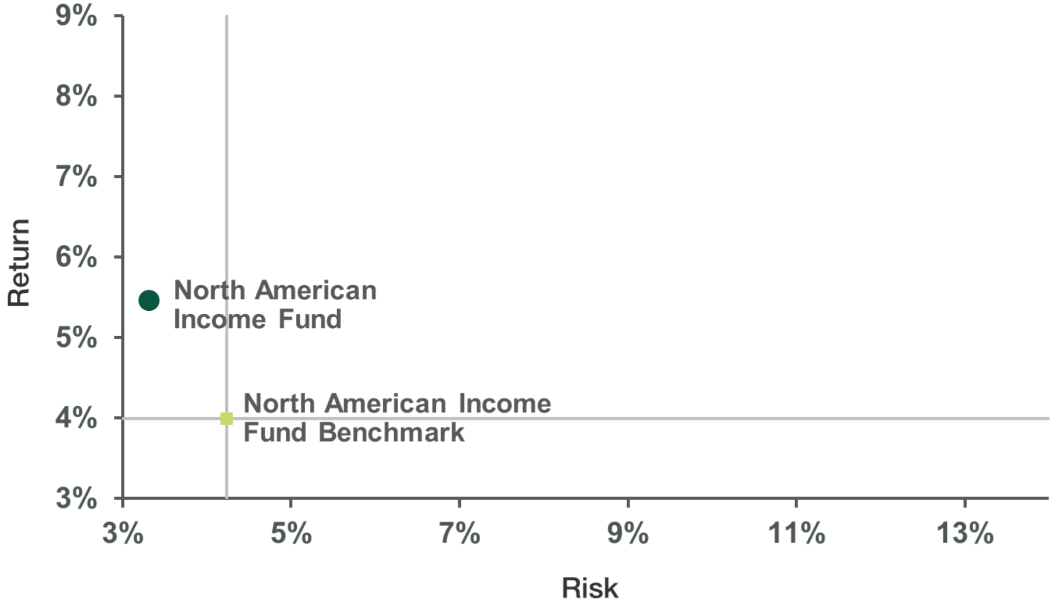
Period ending December 31, 2024

Investment Performance

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)

- Income Fund

(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 December 31, 2024

NEXUS

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