PH&N Bond Fund

Fund Performance

Performance Comparison as of June 30, 2023 (%)	3 Mo	1 Yr	2 Yr	3 Yr	4 Yr	5 Yr	10 Yr
PH&N Bond Fund	**-0.51**	**3.75**	**-3.90**	**-3.11**	**-0.22**	**1.24**	**2.55**
FTSE Canada Universe Bond Index	*-0.69*	*3.15*	*-4.40*	*-3.75*	*-0.96*	*0.65*	*2.06*
Relative Performance	+0.18	+0.60	+0.50	+0.64	+0.74	+0.59	+0.49

Series O returns. Total returns are gross-of-fee and reported in Canadian dollars. Periods less than one year are not annualized.

Fund Attribution

Attribution to June 30, 2023 (%)	Relative Performance	
	3 Mo	1 Yr
Interest rate anticipation		
Duration & yield curve	0.10	0.39
Real return bonds	0.00	0.00
Foreign sovereign bonds	-0.01	-0.01
Credit & liquidity		
Provincial and quasi-government bonds	0.10	0.11
Investment grade corporate bonds	-0.02	0.12
Other		
Strategy interaction/other	0.01	-0.01
Total	**+0.18**	**+0.60**

Second Quarter Review

Strategy Summary for Quarter Ending June 30, 2023 (relative contribution to duration exposure)			
Strategy	**Exposure**	**Position Ending Q2**	**Our View**
Duration & Yield Curve	Unchanged	Slight long duration	Reward for taking significant interest rate risk is not compelling given elevated uncertainty
Real Return Bonds	Unchanged	No position	Reduced liquidity given Government of Canada's termination of issuance; sector not currently compelling
Foreign Sovereign Bonds	Decreased	Small position	Yield differential between U.S. treasuries and Government of Canada bonds at attractive level
Provincial and Quasi-Government Bonds	Unchanged	Moderate overweight in provincials; underweight in federal agencies	Provincial bonds offering better reward for risk relative to federal agencies
Investment Grade Corporate	Decreased	Medium overweight	Cautious on fundamentals; selectively taking advantage of compelling valuations

- The Bank of Canada (BoC) raised its policy rate by 0.25% to 4.75% in June, citing that policy rates were not sufficiently restrictive amid elevated inflation and a resilient economy. It is prudent to remember that monetary policy acts with a lagged effect, and that the full effect of the past year's hikes is gradually having its intended effect on economic activity and inflation. Against this backdrop, yields continued to exhibit remarkable volatility this quarter and ended meaningfully higher. As a result, the Government of Canada (GoC) yield curve inverted further, while broad credit spreads tightened on the back of improved investor risk appetite.
- Higher yields were the primary driver of largely negative bond returns this quarter, with the FTSE Canada Universe Bond Index returning -0.69%. The portfolio finished ahead of the benchmark for the quarter with contributions coming from both interest rate anticipation and credit strategies.
- As a result of the sharp rise in yields experienced over the past 18 months, bond market performance has been significantly low or negative. However, recall that this increase means the yield for your portfolio is significantly higher than where it was prior to the start of the hiking cycle. The portfolio's meaningfully higher current yield should be a helpful tailwind to improve long-term prospective returns.
- In aggregate, tactical management of the portfolio's duration and yield curve positioning was a positive contributor to relative performance, as we were able to take advantage of the heightened yield volatility.

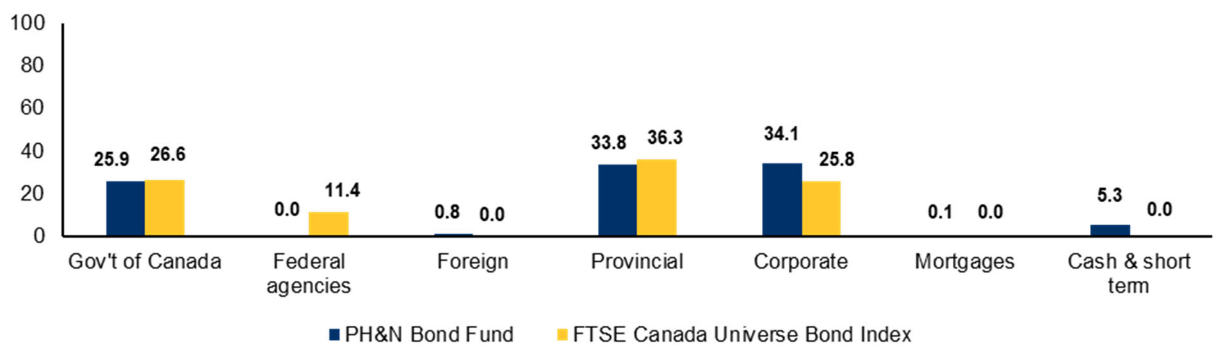
- A small tactical position in U.S. Treasuries had a broadly neutral impact on performance, as the spread differential versus similar-term GoC bonds widened only slightly.
- The portfolio's overweight to provincial bonds added to relative returns due to spreads narrowing and advantageous security selection over the quarter.
- The portfolio's overweight to investment grade corporates was a roughly neutral driver of relative performance over the quarter, as beneficial spread compression was offset by security selection decisions.
- Overall, the portfolio maintained its medium level of risk over the quarter; however, we remain focused on more liquid, high-quality areas of the market, as we are cognizant that we are in the late stage of the business cycle and that recession risk remains prevalent.

PH&N Bond Fund Portfolio Structure as of June 30, 2023

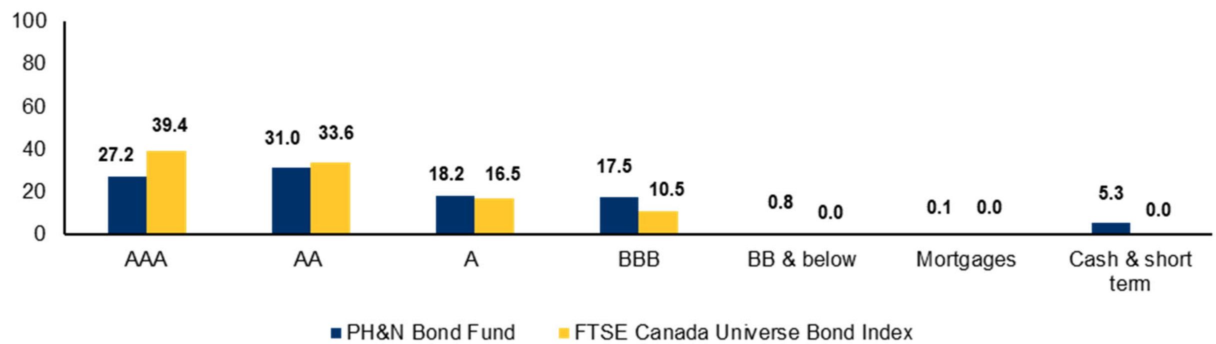
Fund Characteristics

	Modified Duration (Yrs)	Term to Maturity (Yrs)	Yield to Maturity (%)
PH&N Bond Fund	7.47	10.63	4.50
FTSE Canada Universe Bond Index	*7.39*	*10.17*	*4.37*

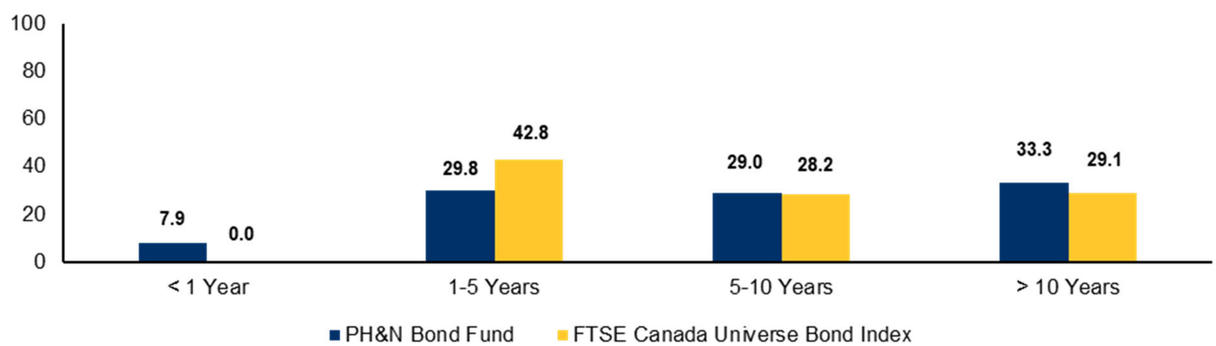
Issuer Analysis (%)



Rating Analysis* (%)



Maturity Analysis (%)



* Current ratings based on average across rating agencies (DBRS, Moody's, S&P) where available. Ratings at the time of purchase may differ. Totals may not add to 100% due to rounding.