PH&N Dividend Income Fund

Fund Performance

Performance Comparison as of March 31, 2023 (%)	3 Mo	1 Yr	2 Yr	3 Yr	4 Yr	5 Yr	10 Yr
PH&N Dividend Income Fund	**3.44**	**-3.81**	**10.42**	**19.71**	**10.51**	**10.30**	**9.19**
*S&P/TSX Capped Composite Index**	*4.55*	*-5.17*	*6.76*	*18.02*	*8.98*	*8.80*	*7.86*
Relative Performance	-1.11	+1.36	+3.66	+1.69	+1.53	+1.50	+1.33

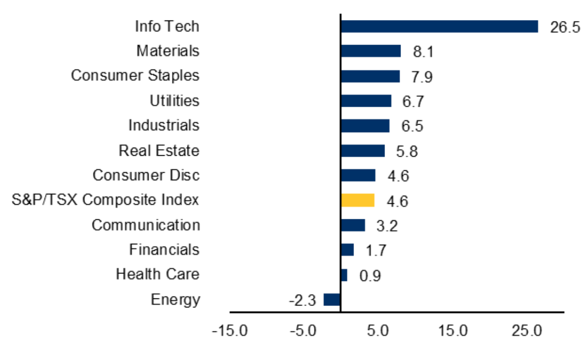
Series O returns. Total returns are gross-of-fee and reported in Canadian dollars. Periods less than one year are not annualized.

*The benchmark for the fund is 2/3 S&P/TSX Dividend Index + 1/3 S&P/TSX Dividend Index (excluding Energy and Materials but including Oil & Gas Refining & Marketing and Oil & Gas Storage & Transportation sub-industries). The S&P/TSX Capped Composite Total Return Index is provided, as it is a widely used benchmark for the Canadian equity market. While the fund uses this index for performance comparisons, it is managed relative to the stated benchmark. There are differences such as security holdings, geographic and sector allocation, which impact comparability. As a result, the fund may experience periods when its performance differs materially from the index.

The PH&N Dividend Income Fund (DIF) is a dividend strategy that is designed to outperform the S&P/TSX Capped Composite Index over a full market cycle. The DIF provides exposures to a well-diversified portfolio of high-dividend-paying Canadian companies that are industry leaders with strong balance sheets. The intention is not to reach for the highest yield paid by riskier companies but to invest in companies that have a track record of stable and gradually increasing dividends. We believe security selection is the key to investment outperformance, and therefore we are focused on stock selection rather than sector allocation.

Performance Highlights

Performance of S&P/TSX Capped Composite Index Sectors
Three Months to March 31, 2023 (%)



The portfolio underperformed the Canadian equity market this quarter, posting a return of 3.44%. Overall, 4/11 sectors contributed positively to relative performance, led by Utilities and Energy, while Financials and Information Technology detracted the most.

Industrials holding **SNC-Lavalin** was the top contributor to relative performance during the period, as it has a stronger outlook than more economically sensitive stocks in the sector. The rising risk of recession is less of a concern for SNC-Lavalin, as they stand to benefit from U.S. infrastructure spending, which is unlikely to decline in light of recent policies in place to promote development (e.g. Infrastructure Investment & Jobs Act, CHIPS Act).

High-conviction holding **Canadian Apartment Properties REIT** (CAPREIT) was a top contributor to returns in the quarter. Multi-family REITs have performed well overall due to a tight rental market, improving revenue growth with price increases as units turn over.

The failure of several U.S. banks in March exacerbated the 2023 headwinds for Canadian banks that we were cognizant of entering the year, specifically: lower net interest margins, slower loan growth, and increased credit costs. The outlook for net interest margins, for example, weakened further amidst U.S. bank failures, and increased the pressure to raise deposit rates for customers and hold liquidity to manage through this period of uncertainty. As a result, share prices declined, though we would note that the Canadian banking system is more stable than that of the U.S., largely because it has a single regulator compared with a highly fragmented regulatory system in the U.S.

TD was a top detractor from returns, underperforming its peer group in the quarter due to higher exposure to U.S. banking, particularly through its stake in Charles Schwab (SCHW), representing approximately 10% of TD's market cap. SCHW was down 36% in the quarter due to a broad bank sell-off in the U.S. We continue to like TD and see promising risk/reward opportunity and view it as one of the highest-quality franchises with attractive expected returns in the bank peer group.

Information Technology outperformed the market during the period, with tech stocks in general rising amidst expectations of an end to the central bank hiking cycle. **Constellation Software,** a high-conviction holding in the sector, was buoyed by overall positive sentiment for technology holdings, adding value in the quarter. We are limited to what stocks we can own in the sector, as many are growing companies that don't pay dividends. As a result, our sector underweight, and not owning **Shopify** in particular, detracted from overall portfolio returns.

Trading and Positioning

We added to our position in **Nutrien** throughout the quarter to take advantage of a drawdown in the share price, as we believe the market is overly pessimistic about fertilizers. While we recognize the tight fundamentals for nitrogen and potash due to the Ukraine War and Belarusian sanctions, respectively, we see attractive risk/reward upside for Nutrien's stock.

We eliminated our position in **Shaw Communications** to fund additions to other stocks and sectors that have sold off recently, namely Energy and Banks. At the time of the trade, we were confident that the deal with Rogers would close (as it since has), and emphasize that this trade reflects an opportunity to fund higher return ideas.

In the Utilities sector, we initiated a position in **Brookfield Renewable (BEP)** to take advantage of attractive valuations. Renewables companies have been under pressure lately due to supply chain delays, rising financing costs, and fulfilling contracts that don't reflect the current inflationary environment. We view BEP as a high-quality renewables developer that is less susceptible to these pressures than its peer group, and we have confidence in their growth pipeline.

Given the macroeconomic and recession risks plaguing the markets, we have been thoughtful about our overall portfolio positioning to best manage the current market environment. For example, we continue to monitor our positioning within Canadian banks and remain centred on those we believe to be more defensive (i.e. **TD** and **RBC**) – as characterized by less credit risk exposure and greater upside to rising interest rates through higher deposit franchises.

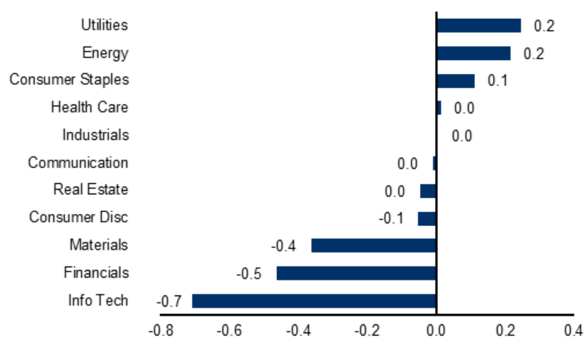
Overall, we remain focused on the intrinsic value of businesses, and on identifying businesses with stable and growing dividends offering attractive risk/reward opportunities.

PH&N Dividend Income Fund
Portfolio Attribution and Structure as of March 31, 2023

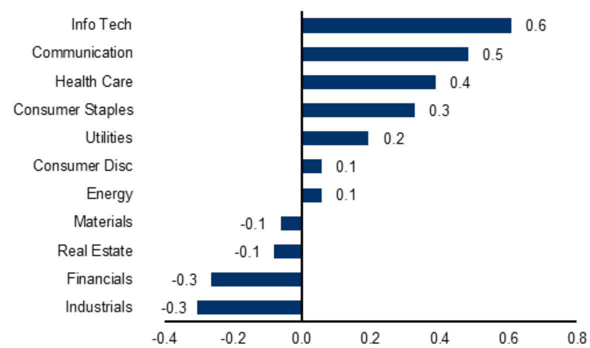
Fund Characteristics

	# of Holdings	Avg Market Cap (C$ billions)	Dividend Yield (%)
PH&N Dividend Income Fund	**55**	**65.2**	**3.4**
S&P/TSX Capped Composite Index	*234*	*58.1*	*3.1*

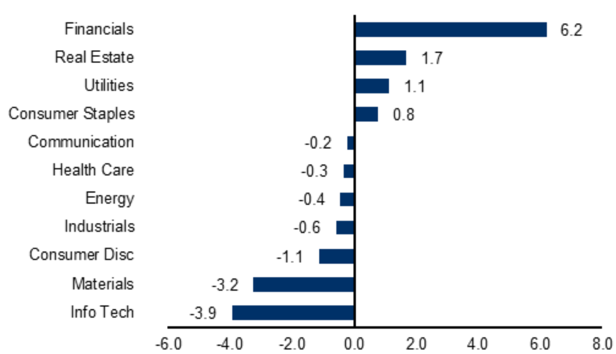
3 Month Attribution (%)



1 Year Attribution (%)



Sector Active Weights (%)



Largest Active Weights (%)