PH&N Dividend Income 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 Dividend Income Fund	**0.84**	**8.64**	**6.87**	**16.30**	**9.96**	**9.26**	**9.47**
*S&P/TSX Capped Composite Index**	*1.10*	*10.43*	*3.03*	*12.42*	*8.58*	*7.62*	*8.43*
Relative Performance	-0.26	-1.79	+3.84	+3.88	+1.38	+1.64	+1.04

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

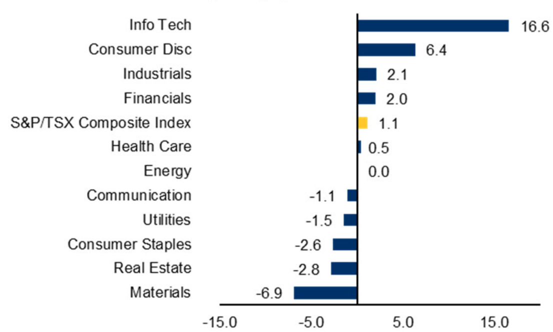
*The benchmark for the fund is 2/3 S&P/TSX Dividend Index + 1/3 S&P/TSX Dividend Index (excluding Energy and Materials but including Oil & Gas Refining & Marketing and Oil & Gas Storage & Transportation sub-industries). The S&P/TSX Capped Composite Total Return Index is provided, as it is a widely used 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

The portfolio underperformed the Canadian equity market this quarter, posting a return of 0.84%. Overall, 4/11 sectors contributed positively to relative performance, particularly Materials and Energy, while Info Tech and Communications detracted the most.

Performance of S&P/TSX Capped Composite Index Sectors
Three Months to June 30, 2023 (%)



SunLife was the top contributor to returns in the period after experiencing several tailwinds, including strength in its U.S. business, completion of its acquisition of DentaQuest, and improving sales in Asia. These positives outweighed weakness in the asset management division's results. We continue to like SunLife, and believe it is well-run and benefits from a diversified business model with excess capital.

Dollarama performed well this quarter after posting strong quarterly results. The company saw an uptick in traffic from cost-conscious consumers amid a high-inflation environment, and they introduced higher price points, which helped margins.

Canadian Apartment Properties REIT (CAPREIT) was a top contributor to relative returns this quarter, as the expected pick-up in rent growth materialized. Increased immigration in Canada alongside a very tight housing supply market drove rents higher, which benefited CAPREIT.

Within Consumer Staples, our position in **Saputo** was the top detractor from returns in the second quarter after the stock fell 15% following their fiscal fourth quarter results. They are facing near-term demand concerns due to a sharp decline in dairy commodity prices. Despite these macro headwinds, we see attractive returns for the stock and growth opportunity ahead and believe the management team will continue to make improvements to the business quality.

Not owning **Shopify** was the top individual detractor from relative returns during the period, as the stock performed very well following better-than-expected quarterly results. They also sold their logistics business, which was viewed positively given its capital intensity. We don't own Shopify because it doesn't pay a dividend.

Trading and Positioning

Telecommunication companies were broadly down during the quarter, as competitive pricing among the group was viewed negatively by investors. Following the deal with Shaw, Rogers initiated a move to lower prices at the beginning of May and competitors swiftly followed. While lower prices are beneficial for consumers, it weighs on margins for the telcos. We don't believe that this price competition will persist given the oligopoly structure, and we took advantage of stock weakness to add to **Telus** and **Rogers**.

We added to our position in **Fairfax** on confidence in its insurance franchise, improving fundamentals, and favourable relative returns for the stock. Looking ahead, we believe their ability to reinvest at higher yields and premium growth in commercial insurance will be drivers of positive expected returns for the stock.

For our Canadian banks positioning, we are targeting a smaller weight than a year ago to better position the portfolio for the current late stage of the economic cycle. In terms of individual holdings, we prefer to own banks that are best able to manage an economic downturn, and those that have deployed capital to enhance growth opportunities. For example, **BMO** and **RBC** are larger positions (BMO's deal with Bank of the West recently closed and RBC is set to close on its deal to acquire HSBC Canada early next year).

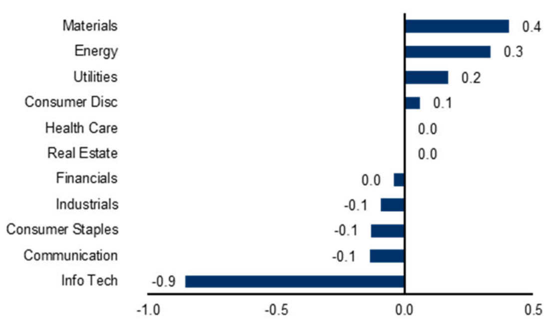
Within Industrials, we focus on quality growth holdings, particularly global engineering firms, as we view these companies as good, late-cycle businesses due to their ability to adjust costs to maintain margins during an economic downturn. We prefer to own these companies over more economically sensitive businesses, such as Air Canada and Finning, particularly as the likelihood of a recession increases.

Looking ahead, we have a constructive view on Canadian equities in the long term, as we believe the Energy sector will benefit from investments in decarbonization and the energy transition. In the shorter term, recession risks continue to weigh on the cyclical sectors like Financials and Energy, so we will continue monitoring the risk/reward opportunities within these sectors. Overall, we remain focused on the intrinsic value of businesses, and on identifying businesses with stable and growing dividends offering attractive risk/reward opportunities.

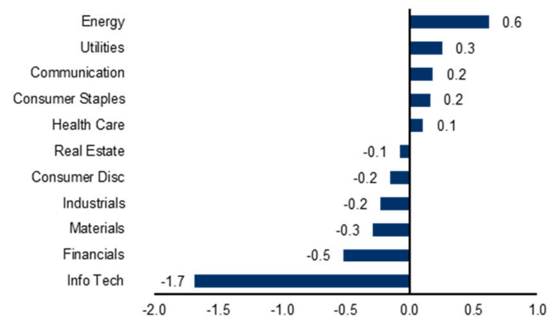
PH&N Dividend Income Fund
Portfolio Attribution and Structure as of June 30, 2023

Fund Characteristics			
	# of Holdings	**Avg Market Cap (C$ billions)**	**Dividend Yield (%)**
PH&N Dividend Income Fund	**54**	**64.4**	**3.5**
S&P/TSX Capped Composite Index	*229*	*59.6*	*3.2*

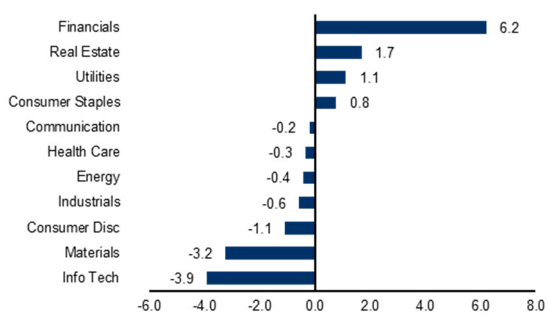
3 Month Attribution (%)



1 Year Attribution (%)



Sector Active Weights (%)



Largest Active Weights (%)