

PH&N Bond Fund

Fund Performance

Performance Comparison as of December 31, 2021 (%)							
	3 Mo	1 Yr	2 Yr	3 Yr	4 Yr	5 Yr	10 Yr
PH&N Bond Fund	1.54	-2.18	3.98	4.93	4.07	3.78	3.76
<i>FTSE Canada Universe Bond Index</i>	1.47	-2.54	2.92	4.22	3.51	3.31	3.27
Relative Performance	+0.07	+0.36	+1.06	+0.71	+0.56	+0.47	+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 December 31, 2021 (%)		
	Relative Performance	
	3 Mo	1 Yr
Interest rate anticipation		
Duration & yield curve	0.00	-0.03
Real return bonds	0.04	0.14
Foreign sovereign bonds	0.00	-0.03
Credit & liquidity		
Provincial and quasi-government bonds	0.05	0.11
Investment grade corporate bonds	-0.01	0.18
Other		
Strategy interaction/other	-0.01	-0.01
Total	+0.07	0.36

Fourth Quarter Review

Strategy Summary for Quarter Ending December 31, 2021 (relative contribution to duration exposure)

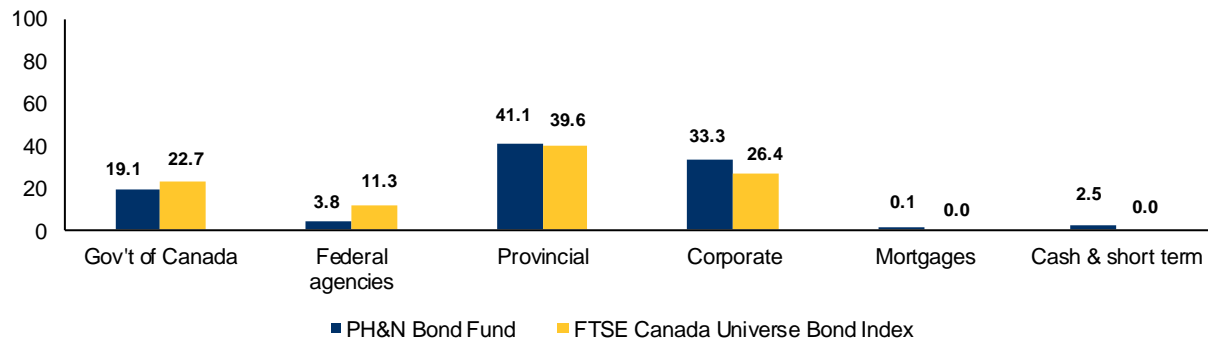
Strategy	Change Over Q4	Position Ending Q4	Our View
Duration & Yield Curve	Increased	Moderate short duration	We believe long-term bond yields will normalize higher than what is currently priced into the bond market
Real Return Bonds	Decreased	Small position	Long-term market-implied inflation expectations remain below the BoC's 2% inflation target
Foreign Sovereign Bonds	Unchanged	No position	Monitoring the yield differential between foreign sovereigns and Government of Canada bonds
Provincial and Quasi-Government Bonds	Unchanged	Medium overweight in provincials; underweight in federal agencies	Valuations more attractive for provincial bonds relative to federal agencies
Investment Grade Corporate	Decreased	Small overweight	Although valuations have compressed to pre-COVID levels, they may remain at these levels for some time

- The global economic recovery continued over the fourth quarter although possible headwinds from the emergence of the new COVID-19 variant, Omicron, may impact economic growth. Concerns surrounding elevated inflation continued to be a key theme, along with central bank monetary policy and the normalization of policy rates. Government of Canada bond yields rose in the short end and fell in the long end of the yield curve, resulting in positive overall bond returns in the fourth quarter.
- Active positioning within both interest rate anticipation strategies and credit and liquidity strategies resulted in the portfolio finishing the quarter ahead of the benchmark. Overall, the portfolio's risk budget remained focused on credit and liquidity strategies over interest rate anticipation strategies, and we continued to upgrade the credit quality of the portfolio during the quarter.
- The portfolio's short duration position was a positive contributor to relative performance, which offset the slight detraction from yield curve positioning. The portfolio's duration position is now broadly neutral the short end of the yield curve and remains underweight the long end of the curve.
- The out-of-benchmark position in real return bonds contributed to performance, thanks to tactical trading as well as a modest rise in market-implied long-term inflation expectations over the quarter.
- The portfolio's exposure to provincial bonds added value as the portfolio is biased towards longer-dated and more liquid provinces, which outperformed their shorter-dated and less liquid counterparts.
- The portfolio's overweight exposure to investment grade corporate bonds was a neutral contributor as the higher yield accrual and security selection was offset by the impact of slightly wider spreads.

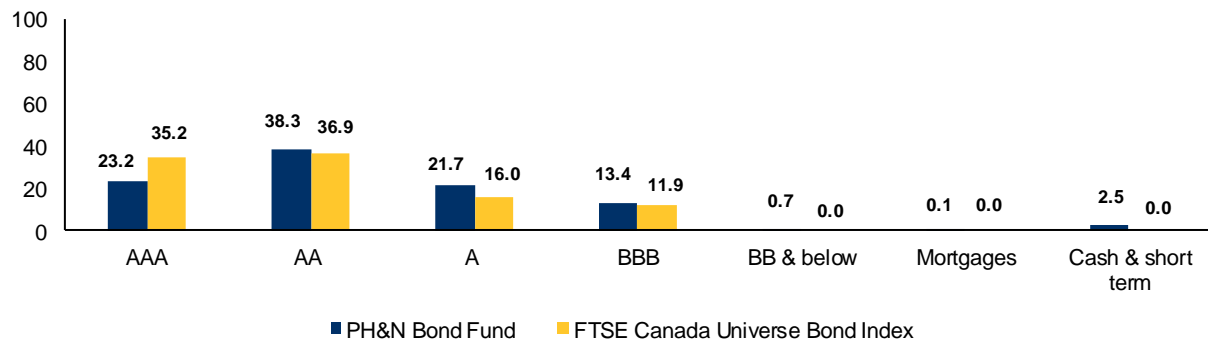
PH&N Bond Fund Portfolio Structure as of December 31, 2021

Fund Characteristics			
	Modified Duration (Yrs)	Term to Maturity (Yrs)	Yield to Maturity (%)
PH&N Bond Fund	8.14	11.01	1.96
<i>FTSE Canada Universe Bond Index</i>	<i>8.43</i>	<i>11.15</i>	<i>1.92</i>

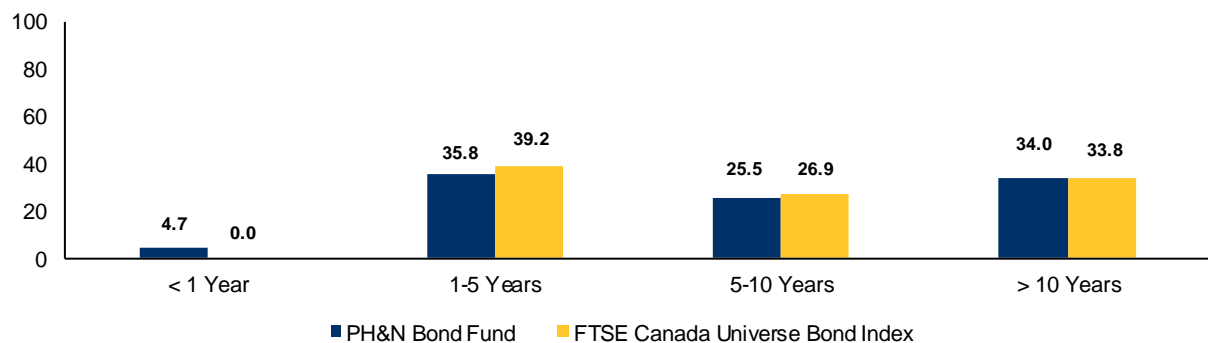
Issuer Analysis (%)



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.