PH&N Dividend Income Fund

Fund Performance

Performance Comparison as of March 31, 2022 (%)	3 Mo	1 Yr	2 Yr	3 Yr	4 Yr	5 Yr	10 Yr
PH&N Dividend Income Fund	**8.13**	**26.74**	**33.54**	**15.74**	**14.13**	**11.40**	**10.76**
*S&P/TSX Capped Composite Index**	*3.82*	*20.19*	*31.67*	*14.15*	*12.61*	*10.34*	*9.08*
Relative Performance	+4.31	+6.55	+1.87	+1.59	+1.52	+1.06	+1.68

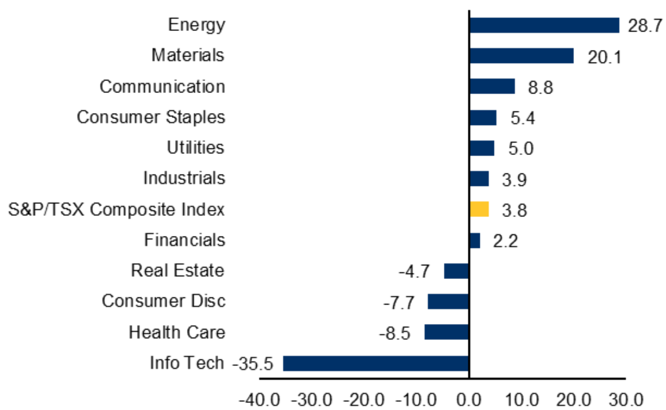
Series O returns. Total returns are gross-of-fee and reported in Canadian dollars. Periods less than one year are not annualized.

*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, 2022 (%)



The fund posted a return of 8.1% in the first quarter, outperforming the Canadian equity market by an impressive 4.3%.

Overall, 7/11 sectors contributed positively to relative performance this quarter, led by Information Technology, Consumer Discretionary, and Industrials, while Energy and Materials detracted the most.

Value add in the Info Tech sector was driven by not owning **Shopify** and **CGI**, neither of which pay a dividend. Their stocks performed poorly this quarter due to a rotation away from growth stocks as investors acknowledged the risks rising rates present to companies that derive most of their value from future cashflows.

Outperformance in the Consumer Discretionary sector was due to not owning auto manufacturer **Magna**. At the beginning of the pandemic, auto manufacturers performed well on the back of supply chain delays and increased demand as COVID concerns made people reluctant to use public transit. These stocks unwound some of these early-COVID gains this quarter due to recessionary risks that would weigh on highly discretionary items, like cars. Magna's stock was also down on news that Apple is rethinking its plans for Apple Car, which was rumoured to be manufactured by Magna.

An overweight in high-conviction holding **Manulife** led outperformance in the Financials sector. Life insurance companies stand to benefit from rising interest rates, as they can reinvest their premiums at higher rates, which boosted the stock during the period.

An overweight position in **Canadian Apartment Properties REIT (CAPREIT)** was a top detractor from overall returns and led underperformance in the Real Estate sector. That said, we continue to see return potential for the REIT, because demand for rental apartments is expected to grow as younger demographics return to school and work in person and immigration rates pick back up. Apartments also typically perform well during inflationary environments, as short-term leases permit quick repricing. We added to our position in CAPREIT to take advantage of stock weakness this quarter and align our positioning with our outlook.

Positioning within the Energy sector detracted from performance. More specifically, having an underweight position in **Canadian Natural Resources** and not owning **Cenovus** were the top two detractors from overall returns as the stocks saw a boost on the back of rising oil prices. As well, our pipeline positioning detracted from relative returns as those pipelines we were underweight or didn't hold – namely, **TC Energy** and **Pembina** – outperformed our overweight positions, **Enbridge** and **Keyera.**

Trading and Positioning

During the quarter, we added to our positions in **BMO** and **TD**, sourced from trims of **Bank of Nova Scotia.** BMO and TD announced acquisitions of "Bank of the West" and "First Horizon," respectively. We view these deals positively and believe they present attractive synergies and growth opportunities in the U.S. At this time, we don't think the accretion from these deals is being reflected in stock prices.

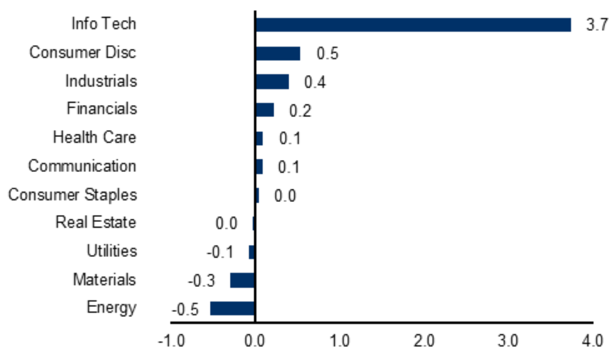
Within the Energy sector, we added to our position in **Tourmaline**, Canada's largest gas producer. The company made several strategic acquisitions during the downturn that in hindsight look exceptionally prescient, including an infrastructure deal with Cheniere – the U.S.'s largest LNG company. This strategic agreement provides Tourmaline with access to the U.S. Gulf Coast trade routes to Asia and Europe, and allows them to earn current European gas prices, which have been very high recently.

Looking ahead, we remain cautious due to an increasing risk of recession brought about by rising rates, high oil prices, and high inflation. We are in the process of widening the range of outcomes we consider for all of the stocks in our portfolio, and we will make adjustments as needed. For example, we may make changes to our Canadian bank positioning, as it is currently structured for a soft-landing – a cyclical downturn that avoids recession – rather than an outright recession. We remain comfortable with our Energy exposure, which is focused on high-quality large-cap companies that have been able to improve their balance sheets through debt repayment with free cash flow generated in the current high oil price environment. Overall, we remain focused on the intrinsic value of businesses, on identifying businesses with stable and growing dividends offering attractive risk/reward opportunities, and tactically adjusting our exposure within sectors.

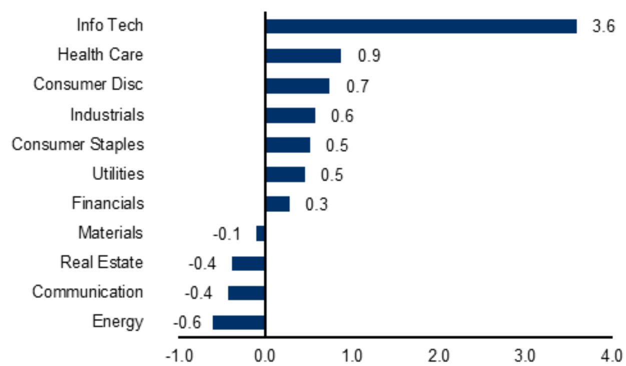
PH&N Dividend Income Fund
Portfolio Attribution and Structure as of March 31, 2022

Fund Characteristics	# of Holdings	Avg Market Cap (C$ billions)	Dividend Yield (%)
PH&N Dividend Income Fund	**52**	**77.5**	**3.1**
S&P/TSX Capped Composite Index	*239*	*68.1*	*2.8*

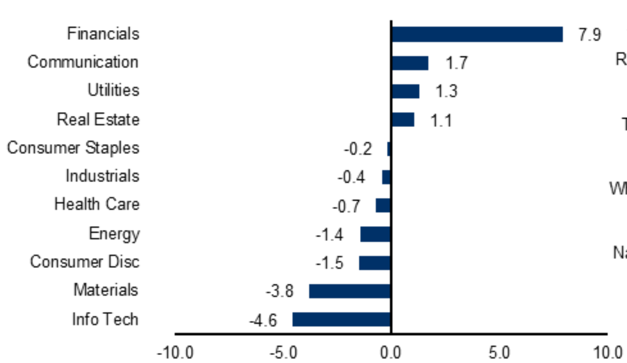
3 Month Attribution (%)



1 Year Attribution (%)



Sector Active Weights (%)



Largest Active Weights (%)