

Characteristics

Asset class	Equity
Geographic	Canada
Focus	Dividend & Dividend Growth
Objective	Actively managed to provide income with some capital appreciation
Approx. # of holdings	20-28
Estimated annual trades	16-24
Benchmark	TSX Total Return
Benchmark 2	DJ Select Canadian Dividend

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Quarterly Commentary

It is halftime for 2022, and by any measure, the year is not going well. The 1st half really had no place to hide, as both bonds and equities declined. Some markets breached the -20% threshold, commonly referred to as a bear market, while many others were down less but still materially. At the same time, bond yields have been rising, weighing heavily on bonds. And with recession risks rising, credit spreads have widened, providing another headwind for corporate bonds. There were a few bright spots; energy did well, along with a handful of commodities. But as economic growth has slowed, raising recession risks, those gains are disappearing quickly. The U.S. dollar was very strong. Beyond these pockets, the 1st half was largely in the red.

There is some solace that dividend focused strategies have held up relatively well. The Purpose Canadian Dividend mandate is down -4.8% in the first half, handily outperforming the S&P/TSX Composite. This brings the trailing 1-year return to +1.8%, compared to the -3.9% return of the TSX.

Trading – In early May we added Enghouse Systems, an application software company. After not making any acquisitions since 2020 due to valuations, the bear market in tech is kind of a potential blessing for their acquisition model. The company pays a decent dividend, no debt plus enjoys strong free cash flow. With the share price down about 50%, we believe the risk/return is tilted strongly in our favor. We also added to Dream Industrial on weakness. While a bit early, the weakness appears overdone.

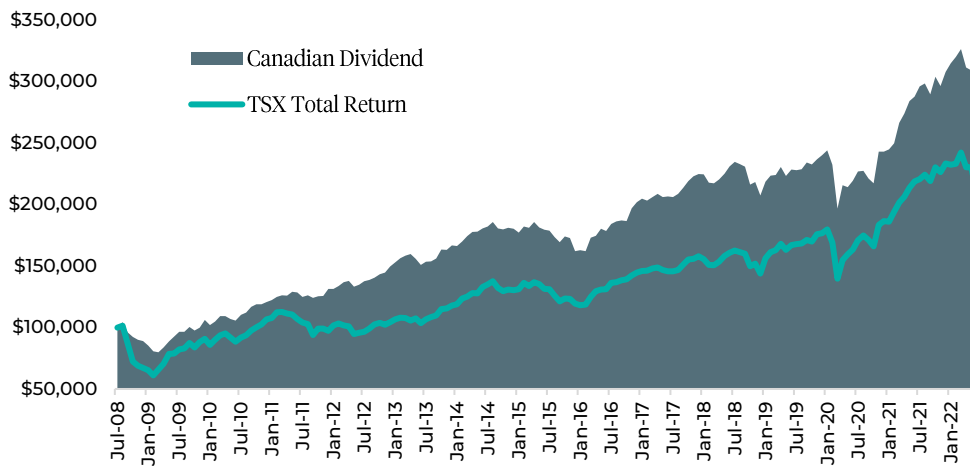
While the portfolio attribution was positive in the quarter, that offers little consolation given it was a down period. Some of the bigger drags on the portfolio were materials including the golds and base metals. Financials were also a drag which makes such a large portion of the Canadian dividend universe. There were some positives including Lifeworks which announced a plan to be purchased by Telus. And defensive Loblaws also shined a bit.

The three big overweights in the portfolio are Real Estate and Telecommunication Services. Despite the outage, we remain positive on the telcos. People are traveling again, roaming is picking up, which remains a hole in their income statement. Plus, they do offer attractive valuations with decent cash flow in case this economy does roll into a recession. Real Estate is a bit more opportunistic as we added in the quarter. It is not lost on us that the yields are attractive and there is a wide spread between private and public valuations.

Biggest underweights include Financials and Energy. Financials we continue to have concerns over the rate increases in Canada and the impact on housing and the heavily indebted consumer. We do like the long term dynamics for energy and if recent weakness continues we may be adding. Recession risk is real but may be getting a bit overblown.

The markets are now wrestling with slowing economic growth and rising recession risk. While not positive, this is healthier than inflation risks, which may be starting to recede. On a positive note, we do believe dividend focused investing should perform well in the 2nd half.

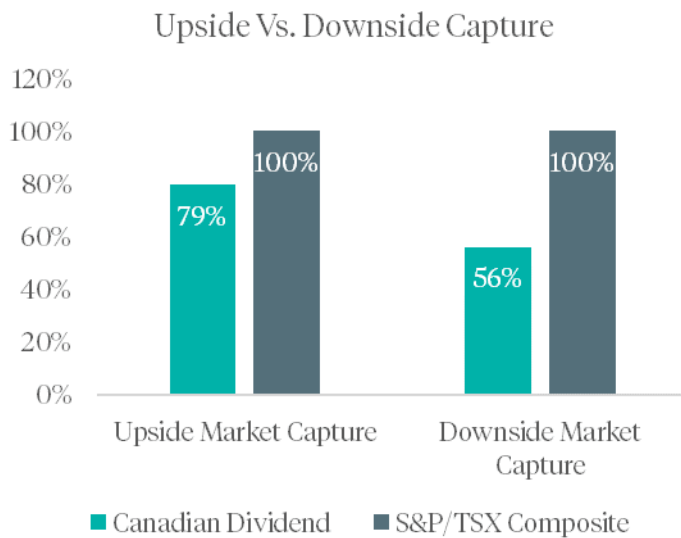
Performance (gross of fees)



	1-month	3-months	6-months	1-year	YTD	3yr	5yr	10yr	Inception*
CW Canadian Dividend	-5.2%	-10.2%	-4.8%	1.8%	-4.8%	8.7%	7.2%	8.1%	8.0%
S&P/TSX Total Return	-8.7%	-13.2%	-9.9%	-3.9%	-9.9%	8.0%	7.6%	8.2%	5.5%
+/-	3.5%	3.0%	5.1%	5.7%	5.1%	0.7%	-0.4%	-0.1%	2.5%

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
CW Canadian Dividend	14.0%	11.5%	8.0%	-10.1%	24.5%	11.3%	-7.8%	15.9%	1.2%	26.6%
S&P/TSX Total Return	7.2%	13.0%	10.6%	-8.3%	21.1%	9.1%	-8.9%	22.9%	5.6%	25.1%
+/-	6.8%	-1.5%	-2.5%	-1.7%	3.4%	2.2%	1.1%	-7.0%	-4.4%	1.5%

Risk Metrics



	Canadian Dividend	S&P/TSX Composite
Sharpe	0.66	0.33
Max Drawdown	-23.3%	-39.9%
SD	10.8%	13.8%
Downside Deviation	8.7%	12.6%
Beta	0.65	1.00

Composition

Sectors

	Canadian Dividend	TSX
Energy	12.09%	17.8%
Materials	10.29%	11.0%
Industrials	14.55%	12.5%
Consumer Dis	6.72%	3.5%
Cons Staples	5.05%	4.3%
Financials	19.67%	31.5%
Health Care	3.37%	0.4%
Info Tech	6.55%	5.6%
Telecom	8.48%	5.3%
Utilities	4.35%	5.4%
Real Estate	5.84%	2.7%
Cash	3.05%	

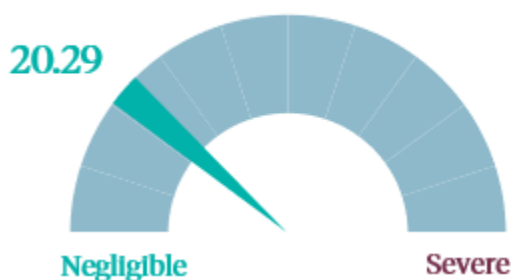
Equity Positions

Name	Industry	Weight	Yield
TC ENERGY CORP	Energy	3.1%	5.4%
ENBRIDGE INC	Energy	4.3%	6.4%
SUNCOR ENERGY INC	Energy	4.7%	4.8%
LUNDIN MINING CORP	Materials	2.4%	5.0%
TRANSCONTINENTAL INC-CL A	Materials	1.9%	6.0%
WHEATON PRECIOUS METALS CORP	Materials	2.8%	1.7%
BARRICK GOLD CORP	Materials	3.2%	5.0%
TFI INTERNATIONAL INC	Industrials	4.6%	1.2%
LIFEWORCS INC	Industrials	5.2%	2.5%
CANADIAN NATL RAILWAY CO	Industrials	4.8%	2.0%
OPEN TEXT CORP	Info Tech	3.7%	2.2%
ENGHOUSE SYSTEMS LTD	Info Tech	2.9%	2.5%
ROYAL BANK OF CANADA	Financials	4.5%	4.3%
BANK OF NOVA SCOTIA	Financials	4.3%	5.7%
BANK OF MONTREAL	Financials	5.0%	4.6%
MANULIFE FINANCIAL CORP	Financials	3.4%	6.0%
SUN LIFE FINANCIAL INC	Financials	2.4%	4.9%
MAGNA INTERNATIONAL INC	Cons Disc	2.5%	3.2%
RESTAURANT BRANDS INTERN	Cons Disc	4.1%	4.1%
CHARTWELL RETIREMENT RESIDEN	Health Care	3.3%	5.7%
ALLIED PROPERTIES REAL ESTAT	Real Estate	2.7%	5.4%
DREAM INDUSTRIAL REAL ESTATE	Real Estate	3.2%	5.9%
ROGERS COMMUNICATIONS INC-B	Telecom	4.1%	3.4%
TELUS CORP	Telecom	4.3%	4.7%
ALGONQUIN POWER & UTILITIES	Utilities	4.3%	5.4%
LOBLAW COMPANIES LTD	Cons Staples	5.0%	1.4%

Cyclical Vs. Defensive

Global Cyclical	22.38%
N.A. Cyclical	18.23%
Interest Sensitive	35.59%
Defensive	20.93%

ESG Risk Rating Score



Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments and the use of an asset allocation service. Please read the prospectus(es) of the mutual funds in which investments may be made under the asset allocation service before investing. The indicated rates of return are the historical annual compounded total returns assuming the investment strategy recommended by the asset allocation service is used and after deduction of the fees and charges in respect of the service. The returns are based on the historical annual compounded total returns of the participating funds including changes in share/unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder in respect of a participating fund that would have reduced returns. Mutual funds are not guaranteed, their values change frequently, and past performance may not be repeated. Note that the Manager of these asset allocation services changed from Richardson Wealth LTD. to Purpose Investments Inc. in September 2021.