Purpose INVESTMENTS

Canadian Dividend

January 15, 2022

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

The fourth quarter began on the heels of the largest drawdown in equity markets of the year. Market volatility was elevated on concerns over the looming Evergrande default, the Delta variant, global supply chain issues, anticipation of when the Federal Reserve would begin tapering their bond purchases as well as the great inflation debate. Little did we know, 'transitory' would soon be eliminated from the central bank lexicon regarding inflation. There was no shortage of market worries, but as has been the case since the beginning of the pandemic, the volatility proved short lived with markets quickly moving back to new highs. The ensuing three months had a number of other small pullbacks, but the 'buy the dip' mentality remained strong.

The Purpose Canadian Dividend mandate rose +6.3% in the 4th quarter and finished the year up 26.6%. The portfolio outperformed on the quarter as well the second half and the year aided by its cyclical value tilt. Despite the announced tapering of bond purchases by central banks, yields declined over the quarter in both Canada and the U.S. Nevertheless, anticipation of looming rate hikes in 2022 continued to weigh on more speculative growth names to the benefit of the value.

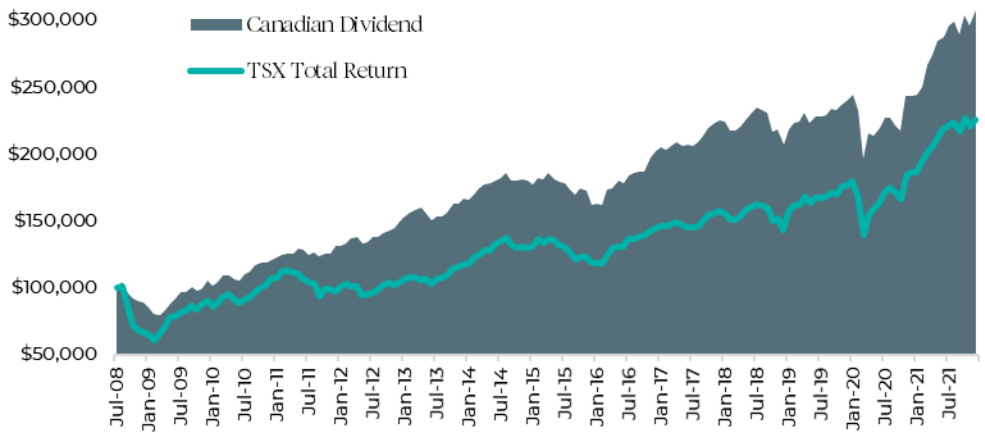
Outperformance for the quarter was driven largely driven by security selection in a number of sectors. Avoidance of many of the harder hit areas of the market such as Canadian Health Care companies certainly helped, as did avoiding some of the highly traded tech names such as Shopify. Our focus on quality companies that have sustainable, growing dividends sometimes hurts relative performance, but with quality and dividend factors in high demand companies such as Cisco in the tech space did incredibly well. Suncor was the biggest contributor to the portfolio's performance over the quarter, followed closely by Bank of Nova Scotia. Following Financials, the next two largest sector contributors to the quarter's performance were Energy and Materials. Despite a difficult year, precious metal miners did well in the fourth quarter led by Wheaton Precious metals within the portfolio.

Over the course of the quarter, we added a few new names such as Chartwell Retirement Residences, Magna as well as B2Gold. Chartwell had come under pressure once again as case counts rose in the fall. It's a market leader within the space in Canada and we fully expect the near-term struggles to be transitory. Magna has been struggling with supply chain issues in the automotive industry, with car manufacturers dialing back production across their lines. With annual automotive sales near recession levels, the company is poised to benefit from both volume pickups/catchups as well as margin improvement once the chip shortage works itself out. Other transactions were done with tax loss selling in mind as well as to reduce rate sensitivity in the portfolio. This includes switching Yamana for B2Gold and exiting Pembina.

Human nature may have investors desiring to tilt portfolios to take on more risk. While we do remain bullish for 2022, it would appear some of the future performance may have already been enjoyed by the markets. The portfolio maintains a cyclical value tilt which should help buttress from rising interest rates. Overall, this year will likely prove more challenging given central bank pivots, continued inflation issues, and the slowing pace of growth.

Source: Purpose Investments & Bloomberg

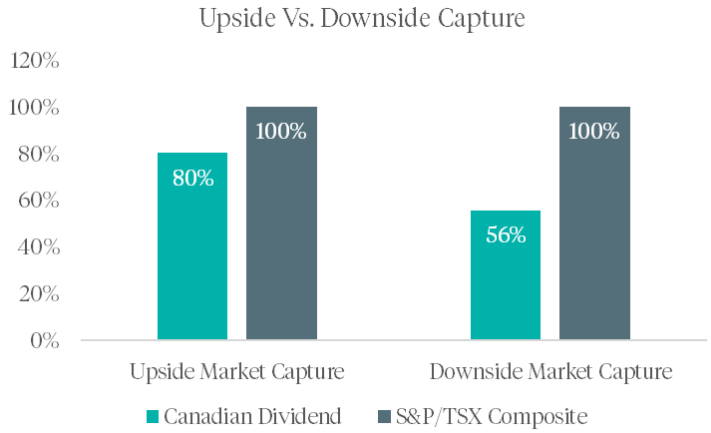
Performance (gross of fees)



	1-month	3-months	6-months	1-year	YTD	3yr	5yr	10yr	Inception*
CW Canadian Dividend	3.9%	6.3%	6.9%	26.6%	26.6%	14.1%	8.8%	8.9%	8.7%
S&P/TSX Total Return	3.1%	6.5%	6.7%	25.1%	25.1%	17.5%	10.0%	9.1%	6.5%
+/-	0.8%	-0.2%	0.3%	1.5%	1.5%	-3.4%	-1.2%	-0.3%	2.2%

	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	0.73	0.39
Max Drawdown	-23.3%	-39.9%
SD	10.7%	13.7%
Downside Deviation	8.7%	12.6%
Beta	0.64	1.00

Source: Purpose Investments & Bloomberg

Composition

Sectors

	Canadian Dividend
Energy	12.54%
Materials	13.57%
Industrials	9.50%
Cons Disc	0.00%
Cons Staples	3.94%
Financials	27.03%
Health Care	3.47%
Info Tech	3.95%
Telecom	8.11%
Utilities	3.01%
Real Estate	6.12%
Cash	5.34%

Cyclical Vs. Defensive

Global Cyclical	23.69%
N.A. Cyclical	15.85%
Interest Sensitive	40.06%
Defensive	20.39%

Equity Positions

Name	Industry	Weight	Yield
TC ENERGY CORP	Energy	2.7%	5.7%
ENBRIDGE INC	Energy	3.7%	6.7%
SUNCOR ENERGY INC	Energy	6.1%	5.0%
LUNDIN MINING CORP	Materials	3.1%	3.6%
WHEATON PRECIOUS METALS CORP	Materials	2.8%	1.6%
B2GOLD CORP	Materials	1.9%	4.4%
BARRICK GOLD CORP	Materials	3.3%	2.0%
TFI INTERNATIONAL INC	Industrials	4.8%	1.1%
CANADIAN NATL RAILWAY CO	Industrials	4.7%	1.6%
TRANSCONTINENTAL INC-CL A	Materials	2.4%	4.5%
OPEN TEXT CORP	Info Tech	3.9%	2.0%
ROYAL BANK OF CANADA	Financials	6.0%	3.4%
BANK OF NOVA SCOTIA	Financials	5.1%	4.4%
BANK OF MONTREAL	Financials	5.5%	3.7%
MANULIFE FINANCIAL CORP	Financials	3.7%	4.4%
SUN LIFE FINANCIAL INC	Financials	2.8%	3.1%
CI FINANCIAL CORP	Financials	4.0%	2.8%
MAGNA INTERNATIONAL INC	Consumer Discr	3.4%	2.0%
CHARTWELL RETIREMENT RESIDEN	Health Care	3.5%	5.0%
ALLIED PROPERTIES REAL ESTAT	Real Estate	3.4%	3.8%
DREAM INDUSTRIAL REAL ESTATE	Real Estate	2.7%	4.3%
ROGERS COMMUNICATIONS INC-B	Telecom	4.0%	3.3%
TELUS CORP	Telecom	4.1%	4.4%
ALGONQUIN POWER & UTILITIES	Utilities	3.0%	4.9%
LOBLAW COMPANIES LTD	Cons Staples	3.9%	1.4%

Commissions, trailing commissions, management fees and expenses all may be associated with investment fund investments. The prospectus contains important detailed information about the investment fund. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns 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 that would have reduced returns. As with any investment, there are risks to investing in investment funds. There is no assurance that any fund will achieve its investment objective, and its net asset value, yield, and investment return will fluctuate from time to time with market conditions. Investment funds are not guaranteed, their values change frequently and past performance may not be repeated. The opinions expressed are provided by the portfolio manager responsible for the management of the Fund's investment portfolio, as specified in the Fund's prospectus. Unless otherwise stated, the source for data cited in any commentary is the portfolio manager. Nothing in any commentary should be considered a recommendation to buy or sell a particular security. The Fund may sell these securities at any time, or purchase securities that have previously been sold. The securities may increase or decrease in value after the date hereof, and the Fund may accordingly gain or lose money on the investment in the securities. The statements by the portfolio managers in their commentaries are intended to illustrate their approach in managing the funds, and do not necessarily reflect the views of Purpose Investments Inc. All data sourced from Bloomberg and Purpose Investments, unless otherwise noted.