Purpose INVESTMENTS

Core Income

October 2022

Characteristics

Asset class	Equity
Geographic	Canada & Max 35% US
Focus	Dividend & Dividend Growth
Objective	Actively managed to provide income with some capital appreciation
Approx. # of holdings	25-30
Estimated annual trades	22-30
Benchmark	TSX Total Return
Benchmark 2	80% DJ Select Canadian Div/ 20% Dow Jones Select Div

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Quarterly Commentary

The highs posted in late Summer quickly reversed to close out September, with the S&P 500 closing the quarter off with a new low. Over the quarter there was lots of chatter centering around a 'Fed Pivot', allowing the Fed to move away from tightening and into easing. Based on Fed fund futures, markets have not moved to confirm any of this, in fact, the implied terminal rate rose this month which is one of the reasons behind the stock sell-off.

It was a topsy-turvy quarter for markets. Despite markets pulling an aggressive U-turn after the summer rally, there really were few places to hide. Value underperformed growth and momentum factors. Though still outperforming YTD, the underperformance during a period of high volatility and rising yields was unexpected. Secondly, rising yields negatively impacted many 'defensive' sectors. Utilities and Consumer Staples were down nearly as much as Technology and other more cyclical sectors.

The pressure to 'do something' during a market sell-off can be rather intense. Often, doing nothing turns out to be the best course of action given the portfolio is of sound construction and has proper diversification. A stout cash balance remains an important diversifier as we expect volatility to be a common theme in the quarter ahead. The chances of a severe U.S. recession remain low in our opinion; however, the odds have been increasing.

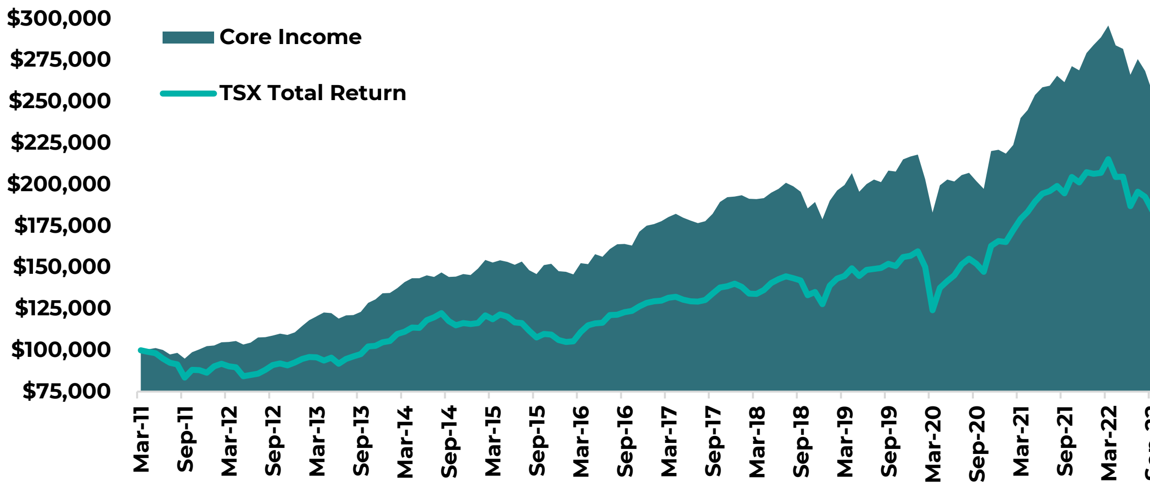
Trading – With the risk on rally in full swing during the summer months, we made a number of trades to consolidate portfolio positions. We exited our position in Citigroup and added to JPMorgan as our sole U.S. bank. Other trades included selling LifeWorks following the acquisition announcement by Telus and adding to Medtronic, Manulife, and Infineon. We also added Finning as a new position as it had come under pressure as commodity prices began to retreat. Later in August, we exited Cisco ahead of their earnings announcement. The stock was up 15% since the lows at the beginning of the quarter, and we wanted to take advantage of the market bounce as well as reduce the portfolio's technology weight, believing that markets had simply moved too far, too fast.

Nutrien and Cisco were the two largest contributors to portfolio performance over the quarter, thankfully we had good timing on the Cisco trade as it went on to make a new low for the year by the end of September. The largest detectors from performance were Suncor, OpenText, and Bank of Nova Scotia. Suncor remains one of the better-performing stocks YTD, however, the quarter coincided with oil prices declining 35% from the June highs. We remain underweight Energy within the portfolio but believe that given the current supply dynamics energy prices could still be supported at current levels even with a mild recession. Overall, the largest sector underweights remain Financials and Energy with overweights in Health Care and Telcos. Both historically are lower beta and add to the portfolio's defensive attributes along with a healthy amount of cash.

Doom and gloom remain the persistent narrative. Bear markets are like recessions – you don't know they are over until well after the fact. In the meantime, we're comfortable sitting on some extra cash and avoiding areas of the market that are reliant on an economic recovery. Tighter financial conditions lead to lower growth, and we do not foresee this relationship breaking down any time soon.

Source: Purpose Investments & Bloomberg

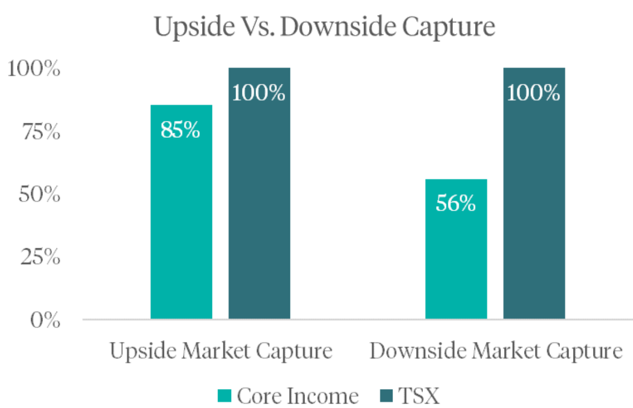
Performance (gross of fees)



	1-month	3-months	6-months	1-year	YTD	3-year	5-year	7-year	10-year	Inception*
Core Income	-4.8%	-3.9%	-13.6%	-2.3%	-8.5%	7.0%	7.0%	8.3%	8.9%	8.5%
Benchmark	-4.3%	-1.4%	-14.4%	-5.4%	-11.1%	6.6%	6.5%	8.0%	7.3%	5.5%
Relative	-0.5%	-2.5%	0.8%	3.1%	2.7%	0.5%	0.5%	0.4%	1.6%	3.0%

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Core Income	8.0%	21.2%	8.3%	1.6%	18.6%	10.1%	-7.1%	21.1%	1.9%	26.4%
Benchmark	7.2%	13.0%	10.6%	-8.3%	21.1%	9.1%	-8.9%	22.9%	5.6%	25.1%
Relative	0.8%	8.3%	-2.3%	9.9%	-2.5%	1.0%	1.8%	-1.7%	-3.7%	1.3%

Risk Metrics



	Core Income	TSX
Sharpe	0.78	0.38
Max Drawdown	-16.0%	-22.3%
Standard Deviation	9.7%	11.9%
Downside Deviation	7.2%	10.3%
Beta	0.70	1.00

Composition

Sectors

	Core Income	TSX	+/-
Real Estate	4.4%	2.5%	1.9%
Health Care	11.5%	0.4%	11.1%
Cons Staples	3.0%	4.1%	-1.1%
Cash	8.0%		8.0%
Comm Svs	6.9%	4.8%	2.1%
Industrials	12.6%	13.0%	-0.5%
Info Tech	8.6%	5.2%	3.4%
Energy	10.0%	19.0%	-9.1%
Cons Disc	4.9%	3.5%	1.4%
Materials	6.5%	11.9%	-5.4%
Utilities	2.6%	4.8%	-2.2%

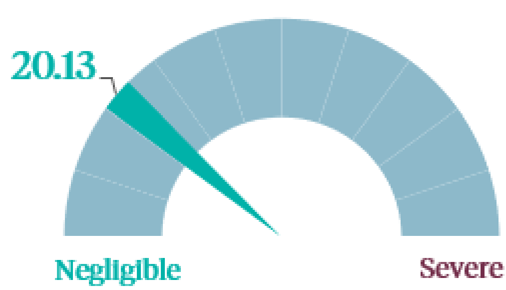
Country Allocation & Cyclicality

Canada	67.6%
US	24.4%
Cyclical Yield	38.4%
Neutral	26.8%
Interest Rate Sensitives	26.8%

Equity Positions

Name	Industry	Weight	Yield
SUNCOR ENERGY	Energy	6.0%	4.3%
ENBRIDGE INC	Energy	3.7%	6.9%
BARRICK GOLD CRP	Materials	2.4%	5.4%
NUTRIEN LTD	Materials	3.9%	2.3%
CAN NATL RAILWAY	Industrials	3.8%	2.0%
FINNING INTL INC	Industrials	2.4%	3.8%
EMERSON ELEC CO	Industrials	2.6%	2.7%
WASTE MANAGEMENT	Industrials	3.7%	1.7%
INFINEON TEC-ADR	Info Tech	2.4%	1.4%
MICROSOFT CORP	Info Tech	3.1%	1.2%
OPEN TEXT CORP	Info Tech	3.0%	3.6%
BANK OF NOVA SCO	Financials	4.5%	6.4%
ROYAL BANK OF CA	Financials	5.0%	4.3%
BANK OF MONTREAL	Financials	4.7%	4.8%
JPMORGAN CHASE	Financials	3.3%	3.8%
MANULIFE FIN	Financials	3.5%	6.2%
MAGNA INTL	Consumer Dis	2.1%	3.5%
RESTAURANT BRAND	Consumer Dis	2.8%	4.0%
ALGONQUIN POWER	Utilities	2.5%	6.9%
ALLIED PROP REIT	Real Estate	2.2%	6.5%
DREAM INDUSTRIAL	Real Estate	2.3%	6.6%
CHARTWELL RETIRE	Real Estate	2.2%	7.0%
ROGERS COMMUNI-B	Telecom	3.4%	3.9%
TELUS CORP	Telecom	3.4%	5.0%
LOBLAW COS LTD	Cons Staples	3.1%	1.5%
ASTRAZENECA-ADR	Health Care	3.4%	1.7%
MEDTRONIC PLC	Health Care	3.1%	3.3%
BRISTOL-MYER SQB	Health Care	3.1%	3.1%

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.