

Characteristics

Asset class	Balanced
Geographic	Canada and US
Focus	Income
Objective	Actively managed to provide income and capital preservation with some appreciation
Approx. # of holdings	25-32
Estimated annual trades	22-30
Benchmark	60% TSX/40% Dex

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Quarterly Commentary

A lot was thrown at risk-markets in the first quarter. They had to absorb a lot of big macro news from the war in Ukraine and associated sanctions on Russia, Covid flare ups, and the troubling property crisis in China. Sprinkle in some high inflation and central bank pivots and this pushed many equity markets into their first corrections (i.e., a drop of 10% or more) since the pandemic-induced bear of Q1 2020. However, in what may end up being a classic case of markets "climbing a wall of worry," equity markets rose in March to offset much of the early damage.

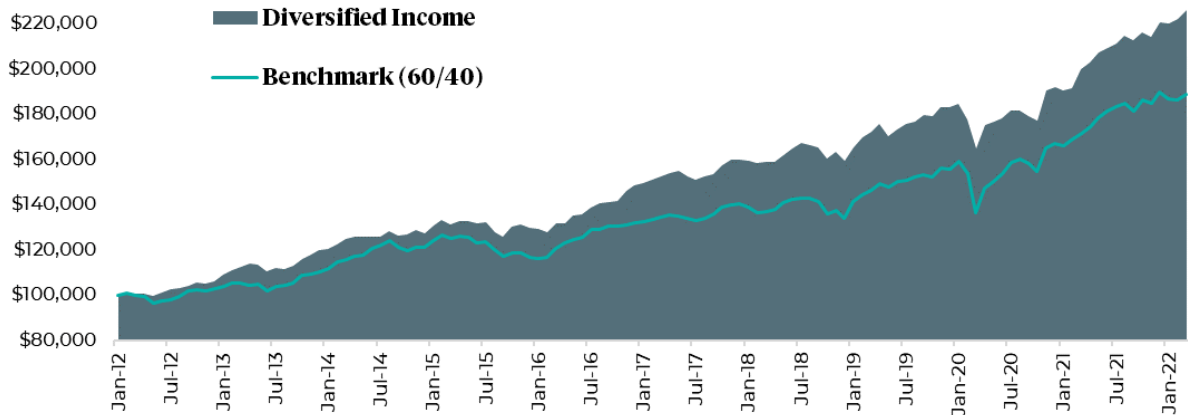
The Purpose Diversified Income mandate rose 2.4% in the first quarter, outperforming its blended benchmark. This brings the trailing 1-year return to 13.0%, a respectable return for a balanced dividend focused mandate, especially considering the FTSE TMX Universe bond benchmark is down -4.5% over the past year. Rising bond yields moving in response to hawkish central banks and persistently high inflation have made it a very difficult quarter in the fixed income space. Canadian 10-year bond yields jumped 98bps over the first quarter, and corporate credit spreads widened as concerns of an economic slowdown increase. Despite elevated market volatility, we continue to maintain a slight overweight in equities compared to the baseline. A shorter duration has also helped mitigate the drawdown in our fixed income holdings versus the benchmark.

The portfolio continues to lean to less good's sensitive companies and more towards services. A recent addition within the portfolio fund is Restaurant Brands. Besides continued tailwinds from reopening service-based companies such as Restaurant Brands, owners of Burger King, Tim Horton's and Popeyes are also less affected by the continued delays in global supply chains. The top contributors to the portfolio's performance in the first quarter were Suncor, Virtu Financial and Nutrien. JPMorgan and Magna detracted from the performance. Auto sector sales remain materially impacted by chip shortages, high prices and plummeting consumer sentiment. The road to recovery in the auto space hit another setback with the conflict in Europe, but we believe pent-up demand will lead to sales normalization for the industry over the medium-term.

The most notable overweights from a sector standpoint are Health Care, Real Estate and Communication Services. Earlier in the quarter we slightly reduced the Health Care allocation, exiting Patterson Companies, and used the proceeds to buy Open Text. The fund remains light on Technology names, but we view Open Text as a top-tier Canadian tech company that was trading at a reasonable valuation.

We don't doubt this relief rally could keep going or even make new highs. But 2022 is the year of volatility and we believe another correction looms. Earnings expectations are high, and it's our belief that given the difficult macro backdrop, equity fundamentals face a major down risk. It appears to be increasingly the time to start thinking a bit more defensively for what lies ahead.

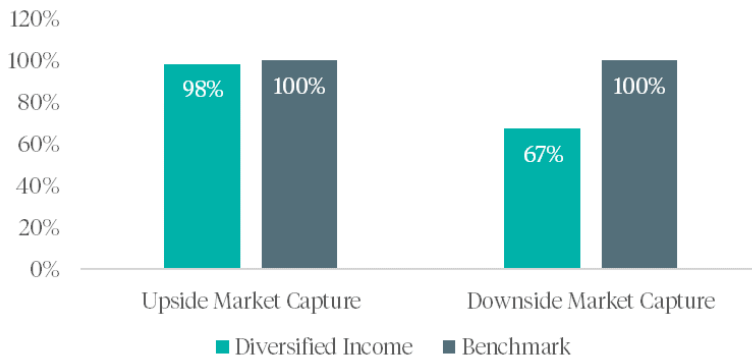
Performance (gross of fees)



	1-month	3-months	6-months	1-year	YTD	3-year	5-year	7-year	Inception
Diversified Income	1.7%	2.4%	6.2%	13.0%	2.4%	9.4%	8.2%	8.0%	8.3%
Benchmark (60/40)	1.2%	-0.6%	3.9%	9.8%	-0.6%	8.8%	7.0%	6.0%	6.4%
+/-	0.5%	3.0%	2.3%	3.2%	3.0%	0.7%	1.2%	2.0%	1.9%
	2013	2014	2015	2016	2017	2018	2019	2020	2021
Diversified Income	12.9%	6.6%	1.8%	14.2%	7.7%	-0.1%	14.8%	4.8%	14.9%
Benchmark (60/40)	7.1%	9.9%	-3.6%	13.0%	6.5%	-4.8%	16.4%	7.4%	13.4%
+/-	5.7%	-3.4%	5.5%	1.3%	1.2%	4.6%	-1.5%	-2.6%	1.5%

Risk Metrics

Upside Vs. Downside Capture



	Diversified Income	Benchmark
Sharpe	1.16	0.75
Max Drawdown	-10.7%	-14.2%
SD	6.3%	7.3%
Downside Deviation	4.9%	6.6%
Beta	0.76	1.00

Composition

Sectors

	Diversified Income
Energy	9.5%
Materials	10%
Industrials	11%
Cons Disc	6%
Cons Staples	6%
Financials	26%
Health Care	6%
Info Tech	6%
Telecom	8%
Utilities	3%
Real Estate	8%

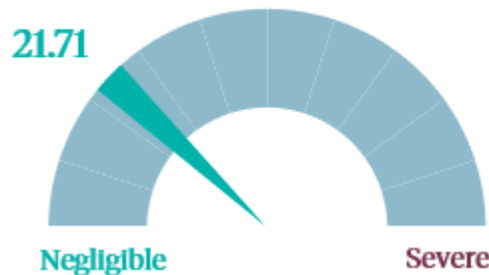
Portfolio Tilt

	Portfolio	Baseline
Equities	65.5%	60.0%
Bonds + Cash	35%	40%

Positions

Name	Industry	Weight	Yield
ENBRIDGE INC	Energy	2.6%	5.9%
SUNCOR ENERGY INC	Energy	3.8%	4.0%
NUTRIEN LTD	Materials	3.9%	1.8%
BARRICK GOLD CORP	Materials	2.4%	1.6%
WASTE MANAGEMENT INC	Industrials	2.1%	1.6%
CANADIAN NATL RAILWAY CO	Industrials	2.9%	1.9%
EMERSON ELECTRIC CO	Industrials	2.4%	2.2%
CISCO SYSTEMS INC	Information Technology	2.4%	3.0%
OPEN TEXT CORP	Information Technology	1.8%	2.1%
BANK OF NOVA SCOTIA	Financials	3.8%	4.7%
ROYAL BANK OF CANADA	Financials	4.7%	3.5%
JPMORGAN CHASE & CO	Financials	2.7%	3.1%
VIRTU FINANCIAL INC-CLASS A	Financials	3.1%	2.6%
MANULIFE FINANCIAL CORP	Financials	2.5%	5.0%
MAGNA INTERNATIONAL INC	Cons Disc	1.7%	3.0%
RESTAURANT BRANDS INTERN	Cons Disc	2.5%	3.6%
ALGONQUIN POWER & UTILITIES	Utilities	1.7%	4.3%
ROGERS COMMUNICATIONS INC-B	Communication Service	2.2%	2.7%
TELUS CORP	Communication Service	2.9%	3.9%
LOBLAW COMPANIES LTD	Cons Staples	4.0%	1.2%
MEDTRONIC PLC	Health Care	1.8%	2.3%
ASTRAZENECA PLC-SPONS ADR	Health Care	2.3%	2.9%
ALLIED PROPERTIES REAL ESTAT	Real Estate	3.1%	3.9%
AMERICAN TOWER CORP	Real Estate	1.9%	2.2%
Type			
CANADA GOV	1% 1 Jun 2027	4.4%	2.45%
ISHARES CORE CANADIAN SHORT	XSB	13.4%	2.10%
ROYAL BANK OF CANADA	4.5% 24 Nov 80	4.8%	6.23%
WELLS FARGO & COMPANY	3.874 21 May 25	4.0%	3.93%
BC PROV 2.3%	18-Jun-26	5.0%	2.80%

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.