

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

SMA Manager

Craig Basinger
Chief Market Strategist
T: 647.822.1406
craigb@purposeinvest.com

Derek Benedet
Portfolio Manager
T: 416.726.1269
DerekB@purposeinvest.com

Brett Gustafson
Portfolio Analyst
T: 403.689.0012
Brettg@purposeinvest.com

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 bonds and 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.

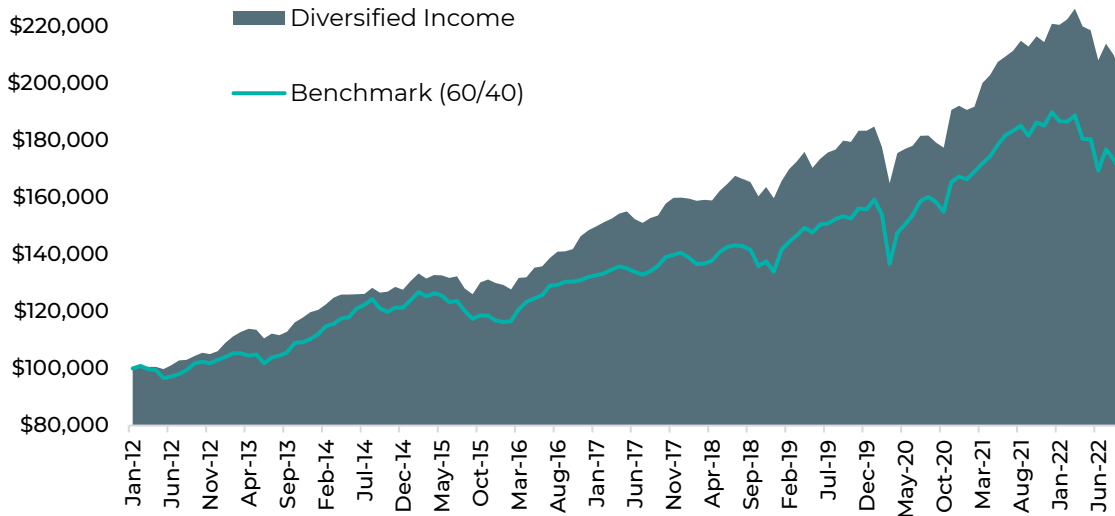
Trading – With the risk on rally in full swing during the summer months, exited American Tower REIT and purchased Chartwell Retirement Residences. American Tower is highly correlated to U.S. tech stocks and enjoyed an impressive rebound following the lows from the second quarter. Chartwell has been under steady pressure as of late along with other REITs. Occupancy issues remain following covid, but we believe that these should normalize over time. Any occupancy gains we believe would be a positive catalyst for the stocks. Later in August, we exited Cisco. 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.

Nutrien, Restaurant Brands, and Cisco were the 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 detractors 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. The equity weight remains just under our baseline of 60%, and the fixed income portion of the portfolio continues to have a very short duration of just 3.1 years compared to the benchmark of 7.4 years.

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.

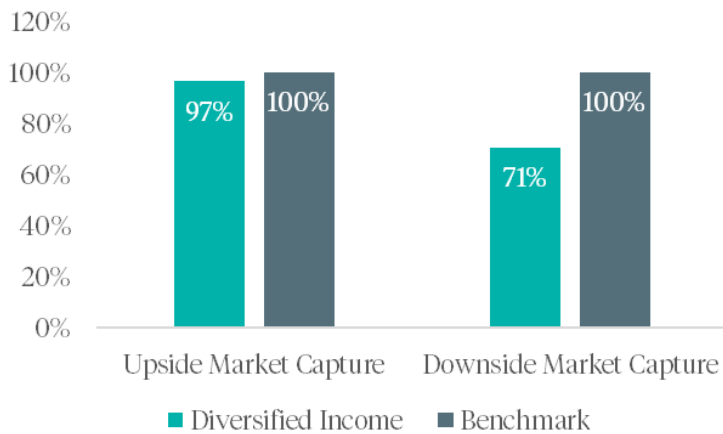
Performance (gross of fees)



	1-month	3-months	6-months	1-year	YTD	3-year	5-year	7-year	10-year	Inception
Diversified Income	-3.3%	-2.5%	-10.2%	-4.6%	-8.1%	4.1%	5.7%	6.7%	6.9%	6.9%
Benchmark (60/40)	-2.8%	-0.6%	-10.7%	-7.2%	-11.3%	3.2%	4.4%	5.4%	5.2%	5.0%
+/-	-0.6%	-1.9%	0.5%	2.6%	3.2%	0.9%	1.3%	1.2%	1.7%	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	0.88	0.54
Max Drawdown	-10.7%	-14.2%
SD	6.7%	7.7%
Downside Deviation	5.1%	6.9%
Beta	0.76	1.00

Composition

Sectors

Energy	11.7%
Materials	9%
Industrials	14%
Cons Disc	7%
Cons Staples	7%
Financials	22%
Health Care	9%
Info Tech	6%
Telecom	8%
Utilities	2%
Real Estate	4%

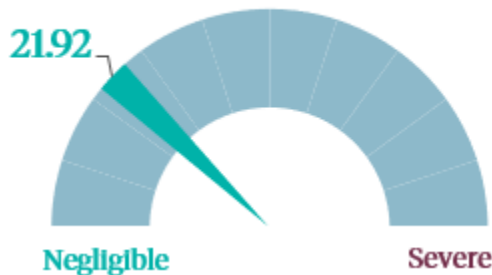
Portfolio Allocation

	Portfolio	Baseline
Equities	58.9%	60.0%
Bonds + Cash	41%	40%

Positions

Name	Industry	Weight	Yield
ENBRIDGE INC	Energy	2.5%	6.9%
SUNCOR ENERGY INC	Energy	4.4%	4.4%
NUTRIEN LTD	Materials	3.7%	2.3%
BARRICK GOLD CORP	Materials	1.8%	5.0%
WASTE MANAGEMENT INC	Industrials	2.5%	1.7%
CANADIAN NATL RAILWAY CO	Industrials	3.1%	2.0%
EMERSON ELECTRIC CO	Industrials	2.5%	2.6%
MICROSOFT CORP	Information Technolog	2.1%	1.2%
OPEN TEXT CORP	Information Technolog	1.4%	3.6%
BANK OF NOVA SCOTIA	Financials	3.2%	6.4%
ROYAL BANK OF CANADA	Financials	4.7%	4.3%
JPMORGAN CHASE & CO	Financials	2.7%	3.9%
MANULIFE FINANCIAL CORP	Financials	2.3%	6.1%
MAGNA INTERNATIONAL INC	Cons Disc	1.6%	3.5%
RESTAURANT BRANDS INTERN	Cons Disc	2.8%	4.0%
ALGONQUIN POWER & UTILITIES	Utilities	1.4%	6.8%
ROGERS COMMUNICATIONS INC-B	Communication Servic	1.8%	3.9%
TELUS CORP	Communication Servic	2.7%	5.0%
LOBLAW COMPANIES LTD	Cons Staples	4.1%	1.5%
MEDTRONIC PLC	Health Care	1.6%	3.3%
ASTRAZENECA PLC-SPONS ADR	Health Care	2.2%	1.7%
ALLIED PROPERTIES REAL ESTAT	Real Estate	2.1%	6.5%
CHARTWELL RETIREMENT RESIDEN	Health Care	1.7%	7.1%
Type			
CANADA GOV	1% 1 Jun 2027	4.8%	3.57%
ISHARES CORE CANADIAN SHORT	XSB	14.6%	2.31%
ROYAL BANK OF CANADA	4.5% 24 Nov 80	5.0%	7.66%
WELLS FARGO & COMPANY	3.874 21 May 25	4.3%	5.81%
BC PROV 2.3%	18-Jun-26	5.4%	4.07%

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.