

QUARTERLY SMA COMMENTARY

Canadian Dividend

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 |

Inception date: JULY 31, 2008

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SOURCE: PURPOSE INVESTMENTS & BLOOMBERG

SMA MANAGER



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MARKET OVERVIEW

The upward move in yields, which accelerated in September, weighed heavily on equity markets as valuations were pushed lower. Stocks and bonds moving lower certainly brought back memories of 2022 but there is an important distinction. Last year it was all about inflation and the response from central banks, hiking to arrest rising prices. Over the past few months, inflation expectations have remained stable, as have market expectations of peak overnight bank lending rates. This rise in yields is more about economic resilience, causing higher yields to be priced in longer.

This could be the 'blow-off' top for yields. Could they move higher, thru 5% or some have even started bouncing around 6 and 7s? Anything is possible but we don't buy it. The cracks in the economic foundation continue to grow and we

believe will become more prevalent in the coming months. In fact, softer economic data would likely result in a move higher in both equities and bonds for a spell.

The Purpose Canadian Dividend mandate fell -2.4% in the third quarter, slightly underperforming its benchmark the S&P/TSX Composite which fell -2.2%. Dividend yield as a factor remains challenged largely due to rising rates, outperforming only low volatility. Meanwhile, Growth as a factor has been top of the list. Considering the dividend universe tilts heavily towards value, 2023 in short has been a challenge.

Yield across the universe, however, continue to grow. 55 companies now yield over 5% in the S&P/TSX Composite, 10 yield more than 8%.

PORTFOLIO ACTIVITY

These are not high-risk businesses on the verge of collapse. They are arguably high-quality, companies such as Enbridge, TC Energy, and many REITs. Even amongst the banks, the yields have crept up to very attractive levels. For instance, the Bank of Nova Scotia now yields 7.3%. Not bad for a bank that has never cut its dividend, even through the challenges of the great financial crisis. Though many of these yields are tempting, we continue to maintain an elevated cash balance, looking for opportunities to deploy on weakness.

In the third quarter, a healthy exposure to Energy was the largest contributor to performance. Cameco, Arc Resources, and Suncor all had a solid quarter, which helped buttress weakness across many other sectors. In particular, Utilities notably detracted from performance as both Algonquin and Emera came under pressure and were key detractors from performance. Higher rates also affected gold prices, which pressured our lone gold producer Barrick.

We executed a number of trades within the quarter. Early in the summer we bought Arc Resources to materially increase the portfolio's Energy exposure. We also added a small position in Pet Value. The Canadian pet store, is trading at attractive valuations and we believe the industry has a very solid long term growth outlook. Other trades included

trimming Cameco after some incredible strength and adding to Magna as well as exiting our position in Boardwalk REIT. It had been one of the best performing REITs in Canada this year, we exited the position as we were of the view that relative valuations had become stretched and wanted to reduce our Real Estate exposure. Overall, we view these trades a further de-risking the portfolio's while retaining some cyclical positions primarily through our energy positions.

Our overweight position in Communication Services is a result of our view that the sector is trading at attractive relative valuations and has strong defensive characteristics. Telecom stocks in particular are less prone cyclical swings during times of slowing economic growth. As mentioned, we have increased exposure to Energy, particularly towards producers. Pipelines have also sold off recently, and the dividends are very attractive at these levels. The Canadian Dividend mandate is roughly market weight pipelines, and for now have yet to meaningfully increase exposure.

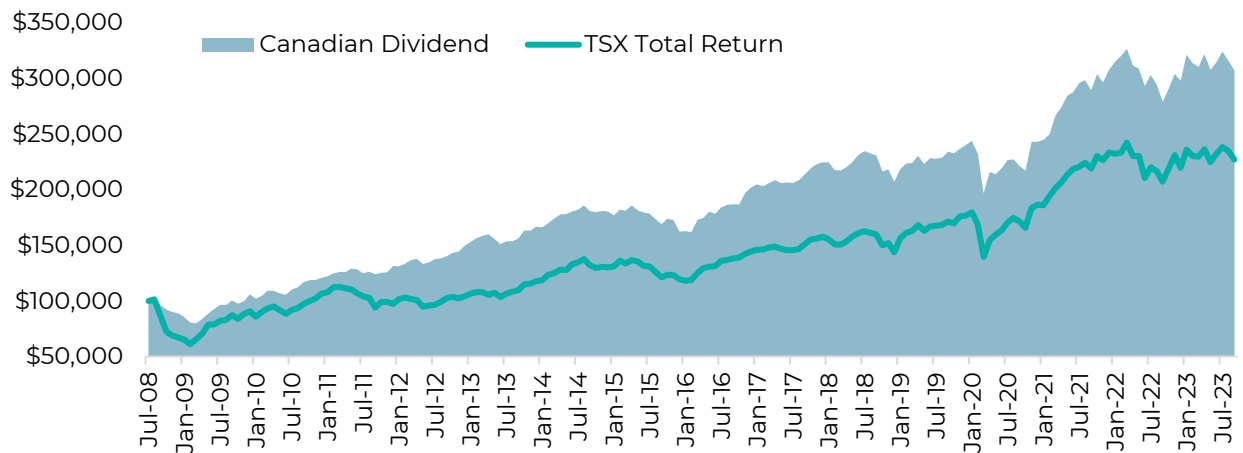
Heading into Q4, we'd prefer not to chase growth outperformance. The next few months will be pretty important from a market perspective. Cracks continue to grow in both the markets and the economy. Financial conditions have tightened considerably, and we remain

committed to staying defensive. This mandate continues to maintain an elevated cash balance and is increasingly tilted to traditionally defensive sectors.

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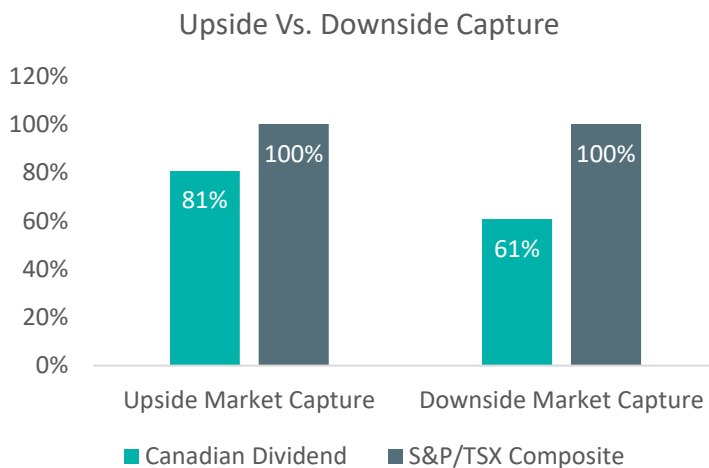
PERFORMANCE (GROSS OF FEES)



| | 1-month | 3-months | 6-months | 1-year | YTD | 3yr | 5yr | 10yr | Inception* |
|---------------------------------|---------|----------|----------|--------|-------|-------|-------|-------|------------|
| CW Canadian Dividend | -2.8% | -2.4% | -1.0% | 10.0% | 3.1% | 11.5% | 5.9% | 7.0% | 7.7% |
| S&P/TSX Total Return | -3.3% | -2.2% | -1.1% | 9.5% | 3.4% | 9.9% | 7.3% | 7.5% | 5.6% |
| +/- | 0.5% | -0.2% | 0.1% | 0.5% | -0.3% | 1.7% | -1.4% | -0.5% | 2.1% |

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---------------------------------|-------|--------|-------|-------|-------|-------|-------|-------|-------|
| CW Canadian Dividend | 8.0% | -10.1% | 24.5% | 11.3% | -7.8% | 15.9% | 1.2% | 26.6% | -3.2% |
| S&P/TSX Total Return | 10.6% | -8.3% | 21.1% | 9.1% | -8.9% | 22.9% | 5.6% | 25.1% | -5.8% |
| +/- | -2.5% | -1.7% | 3.4% | 2.2% | 1.1% | -7.0% | -4.4% | 1.5% | 2.6% |

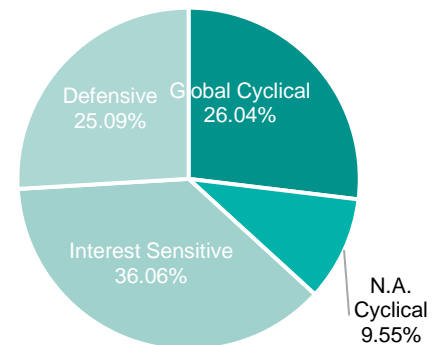
RISK METRICS



| | Canadian Dividend | S&P/TSX Composite |
|---------------------------|-------------------|-------------------|
| Sharpe | 0.62 | 0.34 |
| Max Drawdown | -23.3% | -39.9% |
| SD | 11.0% | 13.9% |
| Downside Deviation | 8.3% | 12.0% |
| Beta | 0.67 | 1.00 |

COMPOSITION

| Name | Industry | Weight | Yield | | | | |
|------------------------------|-----------------|---------------|--------------|--------------|-------|-------|-------|
| TC ENERGY CORP | Energy | 3.3% | 7.8% | Comm Svs | 6.6% | 3.8% | 2.8% |
| ENBRIDGE INC | Energy | 3.2% | 8.0% | Health Care | 2.9% | 0.3% | 2.6% |
| SUNCOR ENERGY INC | Energy | 5.0% | 4.5% | Utilities | 6.3% | 4.1% | 2.2% |
| ARC RESOURCES LTD | Energy | 4.6% | 3.1% | Real Estate | 4.5% | 2.3% | 2.1% |
| CAMECO CORP | Energy | 2.1% | | Cons Disc | 5.6% | 3.7% | 2.0% |
| LUNDIN MINING CORP | Materials | 1.7% | 3.7% | Energy | 18.2% | 18.6% | -0.4% |
| WHEATON PRECIOUS METALS CORP | Materials | 3.2% | 1.5% | Materials | 11.1% | 11.7% | -0.5% |
| BARRICK GOLD CORP | Materials | 2.9% | 2.6% | Cons Staples | 2.1% | 4.3% | -2.2% |
| NUTRIEN LTD | Materials | 3.2% | 3.5% | Info Tech | 2.8% | 7.5% | -4.7% |
| FINNING INTERNATIONAL INC | Industrials | 4.2% | 2.5% | Industrials | 6.8% | 13.5% | -6.7% |
| CANADIAN NATL RAILWAY CO | Industrials | 2.6% | 2.1% | Financials | 23.0% | 30.2% | -7.2% |
| ENGHOUSE SYSTEMS LTD | Info Tech | 2.8% | 2.8% | Cash | 10.2% | | 10.2% |
| ROYAL BANK OF CANADA | Financials | 4.7% | 4.7% | | | | |
| BANK OF NOVA SCOTIA | Financials | 3.3% | 7.0% | | | | |
| BANK OF MONTREAL | Financials | 5.1% | 5.3% | | | | |
| TORONTO-DOMINION BANK | Financials | 3.8% | 4.7% | | | | |
| MANULIFE FINANCIAL CORP | Financials | 3.6% | 5.7% | | | | |
| SUN LIFE FINANCIAL INC | Financials | 2.6% | 4.5% | | | | |
| MAGNA INTERNATIONAL INC | Cons Disc | 3.5% | 3.4% | | | | |
| PET VALU HOLDINGS LTD | Cons Disc | 2.1% | 1.6% | | | | |
| CHARTWELL RETIREMENT RESIDEN | Health Care | 2.9% | 5.8% | | | | |
| ALLIED PROPERTIES REAL ESTAT | Real Estate | 1.3% | 10.0% | | | | |
| DREAM INDUSTRIAL REAL ESTATE | Real Estate | 3.1% | 5.5% | | | | |
| ROGERS COMMUNICATIONS INC-B | Comm Svs | 3.4% | 3.7% | | | | |
| TELUS CORP | Comm Svs | 3.2% | 6.4% | | | | |
| ALGONQUIN POWER & UTILITIES | Utilities | 1.8% | 7.3% | | | | |
| EMERA INC | Utilities | 4.5% | 5.9% | | | | |
| JAMIESON WELLNESS INC | Cons Staples | 2.1% | 3.1% | | | | |
| PURPOSE HIGH INTEREST SAVING | Cash | 7.2% | 5.1% | | | | |
| | Cash | 3.0% | 4.4% | | | | |



All data sourced from Bloomberg unless otherwise noted.

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.

