

QUARTERLY SMA COMMENTARY

Core Income

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	25-35
ESTIMATED ANNUAL TRADES	22-30
BENCHMARK	TSX TOTAL RETURN
BENCHMARK 2	80% DJ SELECT CANADIAN DIV/20% DJ SELECT US DIV

Inception date: MARCH 31, 2011

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.

SOURCE: PURPOSE INVESTMENTS & BLOOMBERG

SMA MANAGER



Craig Basinger, CFA

CHIEF MARKET STRATEGIST

T: 647.822.1406

craigb@purposeinvest.com

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 Core Equity mandate fell -3.1% 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. 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 reducing bank exposure in exiting JPMorgan. Proceeds were used to enter a new position in Lockheed Martin as well as increase the position

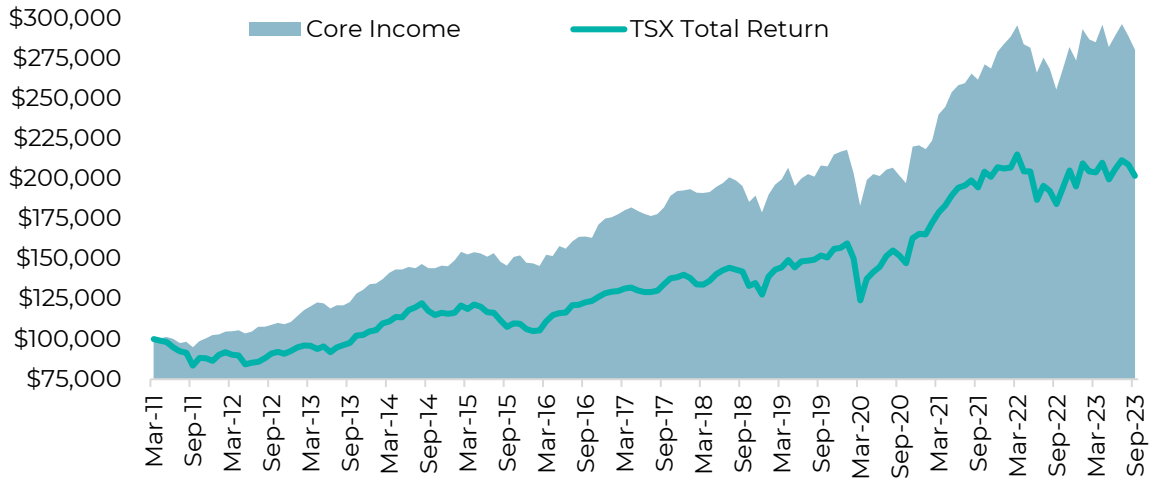
size in Procter and Gamble. Overall, we view these trades as further de-risking the portfolio's while retaining some cyclical primarily through our energy positions.

Our overweight position in Health Care is a result of our view that the sector is trading at attractive relative valuations and has strong defensive characteristics. Pharmaceutical stocks in particular are less prone to 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, but as of yet, we have not added to our positions. Rate sensitive stocks across the board have been under pressure, but for now we remain on the sidelines.

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.

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.

PERFORMANCE (GROSS OF FEES)

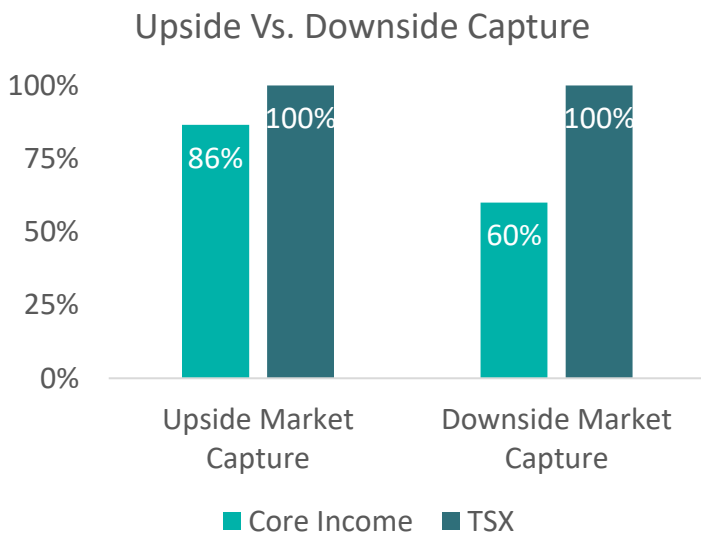


Gross of fees

	1-month	3-months	6-months	1-year	YTD	3-year	5-year	7-year	10-year	Inception*
Core Income	-3.0%	-3.1%	-1.7%	9.7%	2.4%	11.6%	7.5%	8.0%	8.6%	8.6%
Benchmark	-3.3%	-2.2%	-1.1%	9.5%	3.4%	9.9%	7.3%	7.3%	7.5%	5.8%
Relative	0.3%	-0.9%	-0.5%	0.2%	-1.0%	1.7%	0.2%	0.6%	1.0%	2.8%

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Core Income	21.2%	8.3%	1.6%	18.6%	10.1%	-7.1%	21.1%	1.9%	26.4%	-1.9%
Benchmark	13.0%	10.6%	-8.3%	21.1%	9.1%	-8.9%	22.9%	5.6%	25.1%	-5.8%
Relative	8.3%	-2.3%	9.9%	-2.5%	1.0%	1.8%	-1.7%	-3.7%	1.3%	3.9%

RISK METRICS

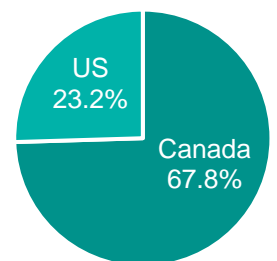
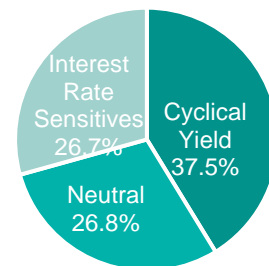


	Core Income	TSX
Sharpe	0.76	0.40
Max Drawdown	-16.0%	-22.3%
Standard Deviation	10.0%	12.1%
Downside Deviation	6.9%	9.9%
Beta	0.73	1.00



COMPOSITION

Name	Industry	Weight	Yield		Core Income	TSX	+/-
SUNCOR ENERGY	Energy	5.8%	4.5%	Real Estate	1.3%	2.3%	-1.1%
ARC RESOURCES LT	Energy	3.6%	3.1%	Health Care	11.8%	0.3%	11.5%
ENBRIDGE INC	Energy	1.3%	8.1%	Cons Staples	4.8%	4.3%	0.4%
TC ENERGY CORP	Energy	3.1%	7.9%	Comm Svs	5.9%	3.8%	2.1%
CAMECO CORP	Energy	2.2%		Industrials	10.3%	13.6%	-3.3%
BARRICK GOLD CRP	Materials	3.4%	2.7%	Info Tech	4.0%	7.6%	-3.6%
LUNDIN MINING CO	Materials	1.9%	3.7%	Energy	16.1%	18.6%	-2.6%
NUTRIEN LTD	Materials	3.5%	3.4%	Cons Disc	5.7%	3.7%	2.0%
FINNING INTL INC	Industrials	3.6%	2.5%	Materials	8.7%	11.7%	-3.0%
LOCKHEED MARTIN	Industrials	3.3%	2.9%	Utilities	4.4%	4.1%	0.3%
WASTE MANAGEMENT	Industrials	3.4%	1.8%	Financials	18.1%	30.1%	-12.0%
MICROSOFT CORP	Info Tech	4.0%	0.9%	Cash	9.1%		9.1%
BANK OF NOVA SCO	Financials	3.8%	7.1%				
ROYAL BANK OF CA	Financials	3.5%	4.7%				
BANK OF MONTREAL	Financials	4.1%	5.3%				
TORONTO-DOM BANK	Financials	3.0%	4.8%				
MANULIFE FIN	Financials	3.7%	5.8%				
MAGNA INTL	Cons Discretionary	3.3%	3.4%				
PET VALU HOLDING	Cons Discretionary	2.4%	1.6%				
ALGONQUIN POWER	Utilities	1.3%	7.4%				
EMERA INC	Utilities	3.1%	5.8%				
ALLIED PROP REIT	Real Estate	1.3%	10.3%				
CHARTWELL RETIRE	Health Care	2.3%	5.9%				
ROGERS COMMUNI-B	Telecom	3.3%	3.7%				
TELUS CORP	Telecom	2.6%	6.4%				
JAMIESON WELLNES	Cons Staples	1.8%	3.1%				
PROCTER & GAMBLE	Cons Staples	2.9%	2.6%				
ASTRAZENECA-ADR	Health Care	3.7%	1.4%				
MEDTRONIC PLC	Health Care	2.5%	3.6%				
BRISTOL-MYER SQB	Health Care	3.2%	4.0%				
PURPOSE HIGH INT		5.9%	5.1%				
	Cash	3.15%	3.98%				



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.

