

QUARTERLY SMA COMMENTARY

Tactical ETF

CHARACTERISTICS

ASSET CLASS	TACTICAL BALANCED
GEOGRAPHIC	NORTH AMERICAN
FOCUS	EQUITY & BOND ETF'S
OBJECTIVE	RISK REDUCING SIDE CAR STRATEGY
APPROX. # OF HOLDINGS	3-8
ESTIMATED ANNUAL TRADES	HIGH TURNOVER
BENCHMARK	40% TSX/20% S&P 500/40% FTSE DEX

Inception date: AUGUST 31, 2011

SMA MANAGER

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MARKET OVERVIEW

If you are thinking of hopping over the pond and visiting Italy this summer, best of luck, it is largely booked up (most of the good spots anyhow). And while travel wasn't cheap before, it is now in nosebleed territory. Meanwhile, manufacturing activity continues to contract as everyone seems hell-bent on pivoting their spending from stuff to doing things. This is causing a noticeable divergence among economies. Those that are more service weighted are doing well, those that are more manufacturing are not. Not surprisingly, this has the economic data diverging as well. Look at some measures like PMIs, leading indicators, or cardboard box

shipments, it spells recession risk. Look at service-related employment and things look just fine.

Markets too are showing a similar divergence. It is not normal to have the S&P 500 up 16% with the Dow Jones Industrial Average up a more modest 4%. Unfortunately, the TSX is tracking the Dow, not the S&P. Internationally, China is flat on the year while Japan is up 28%. 2023 has so far shaped up as the year of divergence. If you are invested in the right spots, you are crushing it. If not, you are wondering when it will be your portfolio's turn.

PORTFOLIO ACTIVITY

One benefit of the Purpose Tactical Asset Allocation strategy (Tactical) is the rules-based methodology. Tactical doesn't care about economic variances between the service and manufacturing activity. It doesn't care about valuations. If the market that the momentum-based rules are pointed at is in an uptrend, it owns more equity. If in a downtrend, it is designed to sit it out in bonds. So with the Canadian equity market struggling this year, most of the Canadian portion of the strategy has been tilted towards more bonds than equity. Yet in the U.S. portion of the strategy, the opposite has been true, with much more equity than bonds.

While the strategy is designed with a defense-first methodology, Tactical has captured a good amount of the upswing this year, mainly thanks to the U.S. side of the portfolio. The Purpose Tactical Asset Allocation fund (F-class: PFC3901) was up 2.0% in the second quarter, bringing the year-to-date rise to 5.8%. Allocations within the

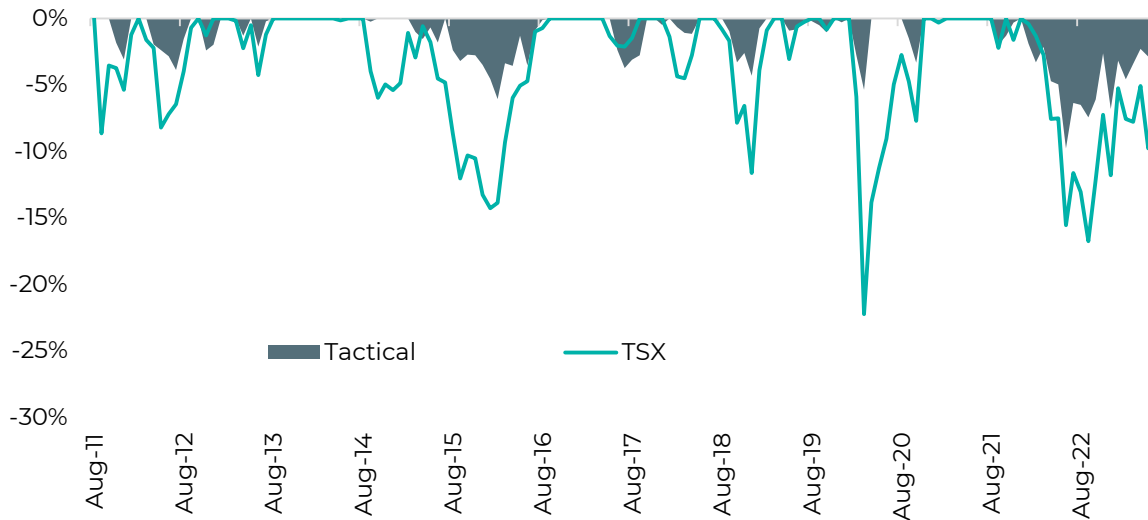
portfolio remained largely defensive over the quarter. It started off the quarter with roughly a 50% allocation to equity, went as high as 64% in April and reached a low of 25% in May. From then, it has gradually moved back into equity finishing the quarter with around 60% equity. Equity allocations were mostly U.S. including both the broad market and NASDAQ. This remained relatively stable for most of the quarter until some positive momentum for the TSX had us adding equity to finish the month at 60%.

2023 is turning out to be a year of divergences making it challenging to reconcile the economy, earnings, and the moves in various markets. Perhaps an ideal time to rely on a rules-based approach that doesn't care about the economy or earnings, just the relative strength of markets.

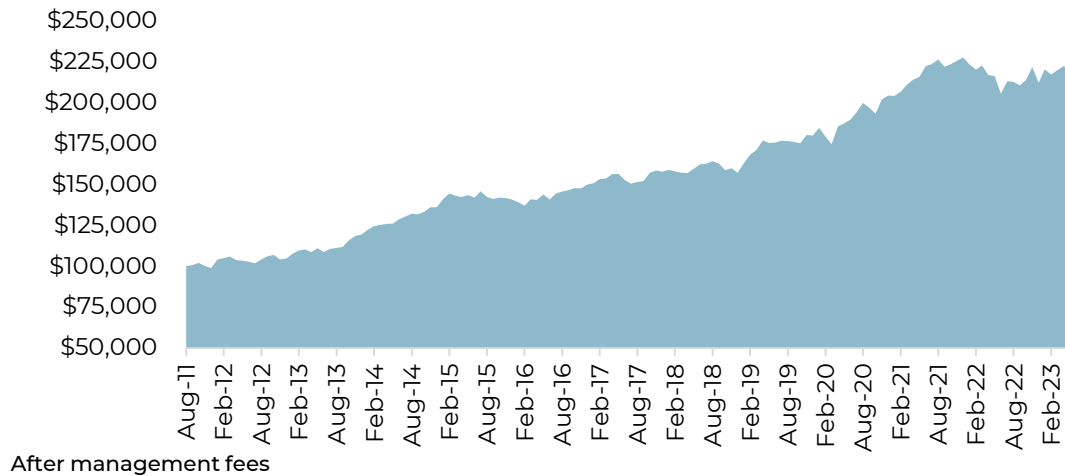


PERFORMANCE (GROSS OF FEES)

**Tactical vs Equity Markets Drawdown
SMA Composite Performance since inception**



Tactical - Since Launch on SMA



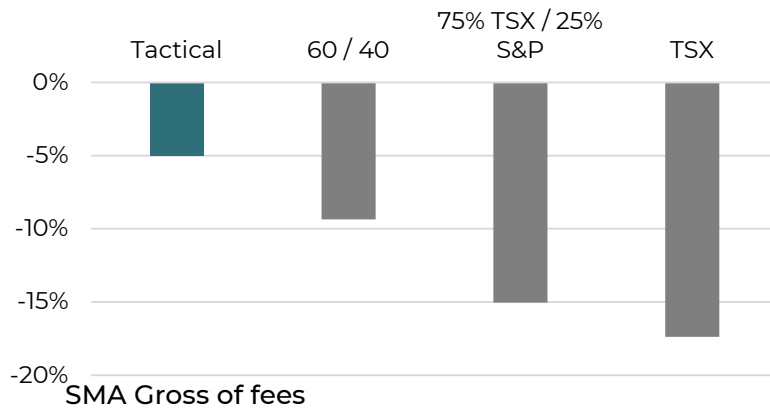
After management fees

	1-month	3-months	6-months	1-year	YTD	3-year	5-year	Inception
Tactical ETF	1.4%	2.0%	5.8%	9.4%	5.8%	6.0%	6.9%	7.3%
Benchmark	2.2%	1.5%	6.1%	10.1%	6.1%	5.6%	5.7%	6.9%
+/-	-0.8%	0.6%	-0.3%	-0.6%	-0.3%	0.4%	1.2%	0.4%
	2015	2016	2017	2018	2019	2020	2021	2022
Tactical ETF	3.7%	6.8%	5.5%	-0.2%	14.7%	14.0%	11.7%	-6.6%
Benchmark	1.6%	10.7%	7.4%	-2.2%	16.9%	9.4%	13.9%	-10.6%
+/-	2.1%	-3.9%	-1.8%	2.0%	-2.2%	4.5%	-2.3%	4.0%



RISK METRICS

Worst Single Month



Sharpe Ratio
Max Drawdown
Standard Deviation
Downside Deviation
Beta
Up Market Capture
Down Market Capture

Tactical	Benchmark
0.97	0.77
-9.6%	-13.7%
6.5%	7.7%
3.7%	6.6%
0.67	1.00
86%	100%
70%	100%

COMPOSITION (July 14, 2023)

Model Driven Positions

HORIZONS S&P/TSX 60 INDEX ET
 VANGUARD TOTAL STOCK MKT ETF
 ISHARES CORE CAN UNIV BOND
 INVESCO NASDAQ 100 INDEX ETF
 VANGUARD SHORT-TERM BOND ETF

Focus

Cdn Equity
 US Equity
 Cdn Bond
 US Tech
 US Short Bond

Weight

41.4%
 20.7%
 16.0%
 11.7%
 7.8%



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.

