

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

Anticipated volatility in September didn't come as expected. Though markets wobbled at the beginning of the month, risk appetite and optimism came back in a hurry following the Fed jump-starting its easing cycle with a 50bp cut mid-month. With more rate cuts on the horizon markets pushed to all-time highs this month in both Canada and the United States. Focus now has shifted towards the data, Q3 earnings, and of course the U.S. election in November. The path ahead remains uncertain in the months ahead but markets appear cautiously confident. There is lots of good news being priced in which has led to moderately extended valuations at least in the U.S.

The Purpose Tactical ETF mandate rose a modest 2.8% in September, bringing its year-to-date return to 9.0%. The weakness at the beginning of August the month saw the equity weight drop to a low of 19%. The drop and snap-back rally experienced in both early August and September is not friendly for momentum strategies such as Tactical. As market momentum continued to build following the FOMC rate cut, Tactical began to dial up its equity weight to 77%, which is where it stood at quarter-end. Unfortunately, the equity exposure was low during the early parts of the bounce-back rally following the Fed's rate cut, which is why the strategy lagged the broader index returns.

PORTFOLIO ACTIVITY

The back-and-forth market we saw in August continued into September, reinforcing the ongoing battle between bulls and bears. As of the end of September the S&P 500 is just 1.3% above the high-water market in July, but over the past couple of months has seen quite the ride. Declining nearly 10% into August, rallied 10%, fell 5% then rose over 6% into the end of September. Compared to the first couple of quarters this year, Q3 has been extremely bumpy. The back-and-forth battles often precede big moves.

Regardless of the direction, Tactical will trade with the trend once it emerges. Equity weight was reduced in late July and the early days of August before the big drop. But we did hold low equity exposure during the big bounce back, unfortunately. Once again, Tactical was on guard in case there was worse to come. We have seen these kinds of wildly oscillating markets before, they often occur near key turning points. The bulls and the bears are fighting it out, one will prevail.

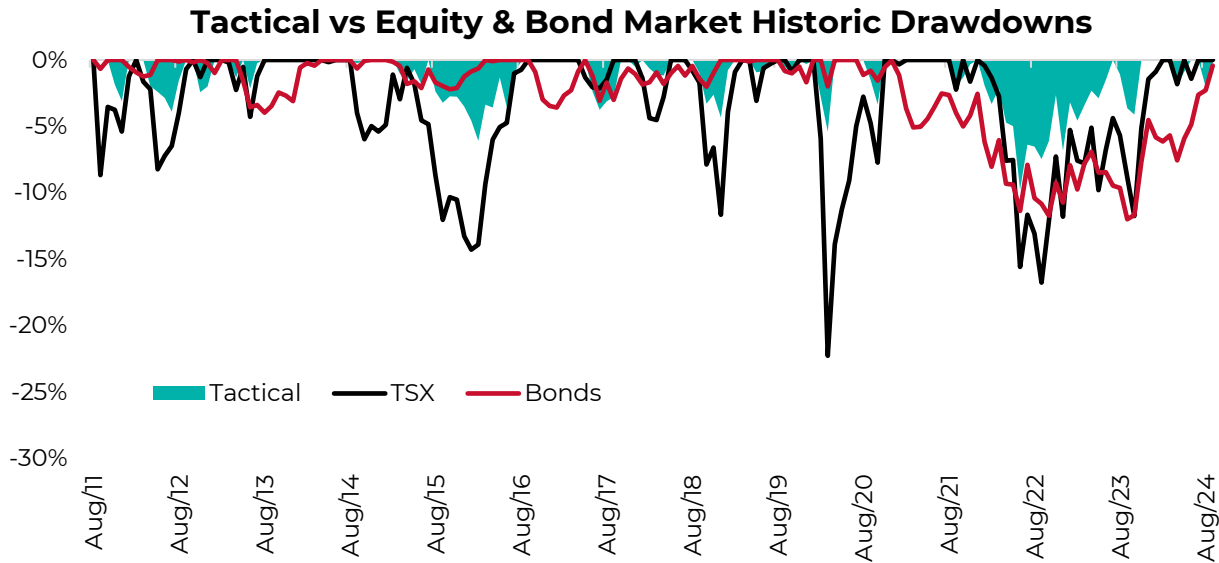
Tactical is currently bullish with nearly all model signals positive except the slow U.S. signal. The strong September momentum waned as we closed out the third quarter,

but the market still managed to close at a new all-time high of 5,762 on the last trading day. While market risks remain elevated with the U.S. election nearing the tactical model doesn't take the narrative into account. Markets are rising and tactical is positioned in a way to benefit from the upward trajectory.

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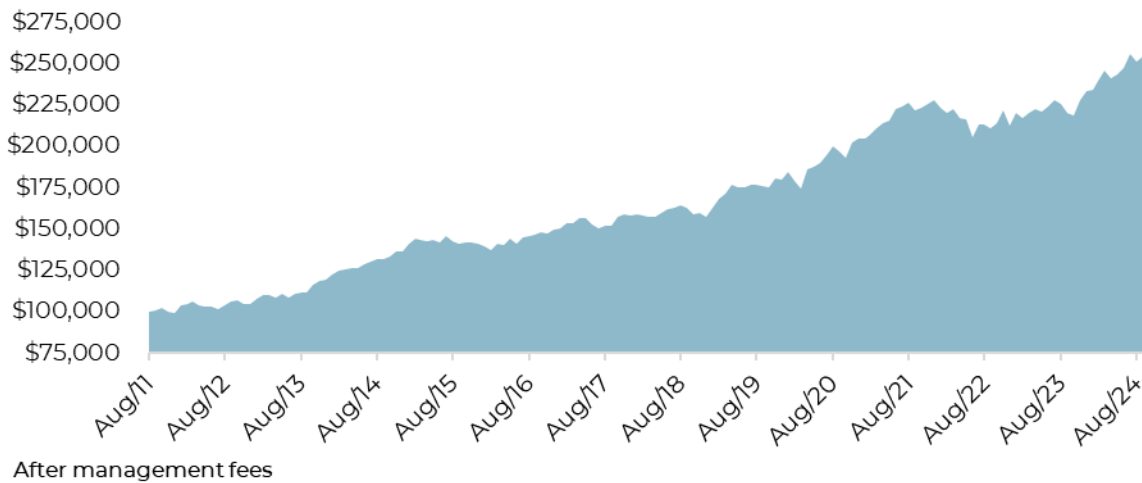


PERFORMANCE (GROSS OF FEES)



Source: Purpose Investments, Bloomberg, SMA performance after management fees, Bonds are Canadian Bond universe

Tactical - Since Launch on SMA



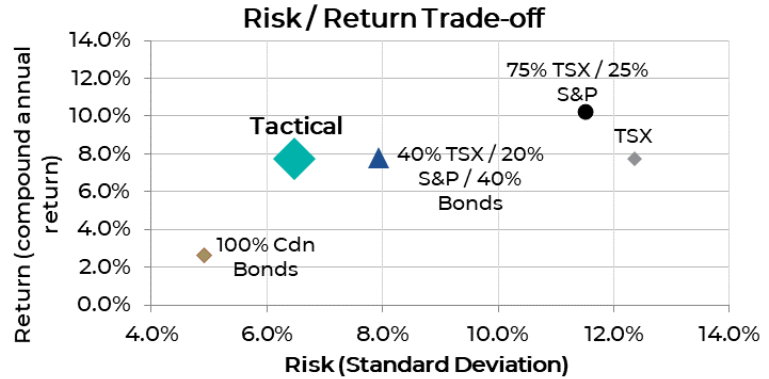
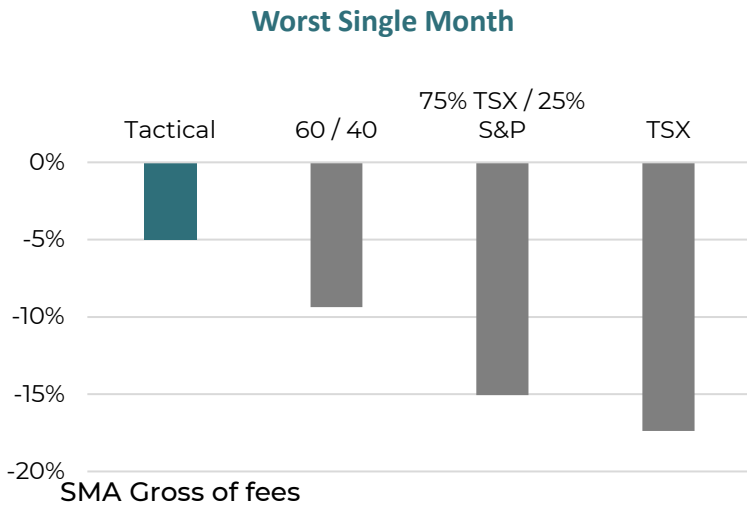
After management fees

	1-month	3-months	6-months	1-year	YTD	3-year	5-year	10-year	Inception
Tactical	1.3%	2.8%	3.6%	15.8%	9.0%	4.9%	7.9%	7.1%	7.7%
Benchmark	2.9%	7.4%	8.7%	23.4%	13.8%	6.3%	7.8%	7.2%	7.8%
+/-	-1.6%	-4.5%	-5.1%	-7.5%	-4.8%	-1.5%	0.1%	-0.2%	-0.1%
	2012	2013	2014	2015	2016	2017	2018	2019	2020
Tactical	6.1%	14.4%	14.2%	3.7%	6.8%	5.5%	-0.2%	14.7%	14.0%
Benchmark	6.5%	12.2%	12.6%	1.6%	10.7%	7.4%	-2.2%	16.9%	9.4%
+/-	-0.3%	2.2%	1.6%	2.1%	-3.9%	-1.8%	2.0%	-2.2%	4.5%
	2021	2022	2023						
Tactical	11.7%	-6.6%	10.4%						
Benchmark	13.9%	-10.6%	12.1%						
+/-	-2.3%	4.0%	-1.7%						

SOURCE: PURPOSE INVESTMENTS & BLOOMBERG



RISK METRICS



Source: Purpose Investments, Bloomberg, SMA performance Sep '11 - Sept

	Tactical	Benchmark
Sharpe Ratio	0.96	0.79
Max Drawdown	-9.6%	-13.7%
Standard Deviation	6.5%	7.9%
Downside Deviation	3.6%	6.2%
Beta	0.68	1.00
Up Market Capture	84%	100%
Down Market Capture	70%	100%

COMPOSITION (October 10, 2024)

Model Driven Positions

GLOBAL X S&P/TSX 60 INDEX CO
 VANGUARD TOTAL STOCK MKT ETF
 INVESCO QQQ TRUST SERIES 1
 VANGUARD SHORT-TERM BOND ETF
 VANGUARD CANADIAN ST BD ETF

Focus

Cdn Equity
 US Equity
 US Tech
 US Short Bond
 Cdn Short Bond

Weight

54.8%
 25.3%
 10.1%
 4.5%
 2.5%



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.

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