

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

It was during the dog days of summer when market chatter circulated that maybe, just maybe, the market was going to reach back to its all-time highs set at the beginning of 2022 (using the S&P 500 as a proxy). The S&P 500 did get to within 200 points of the high. Well, that optimism has clearly been dashed, largely due to higher bond yields. A more resilient economy, robust bond issuance, and perhaps a lack of buyers pushed yields, as measured by the 10-year Treasury, from 4% in the mid-summer to 4.75%.

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

PORTFOLIO ACTIVITY

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.

Tactical was moderately defensive to start the quarter, with about 60% equity, inline with its long-term average. Not surprisingly, as markets strengthened during the summer months, the equity weight climbed to a high of 80%. It stayed there for the back half of July before quickly dialing back on risk in August. The equity weight fell to a low of 20% in August. Climbed slightly in earlier September before we again reduced equity exposure down to 25% on September 22 and has remained at that level. That is the good news given 3-4% declines in equity markets during September. Tempering the good news, our bond allocation obviously didn't enjoy the rising yields. The bond holdings are split 70% in short bonds (yay) and 30% full universe (boo).

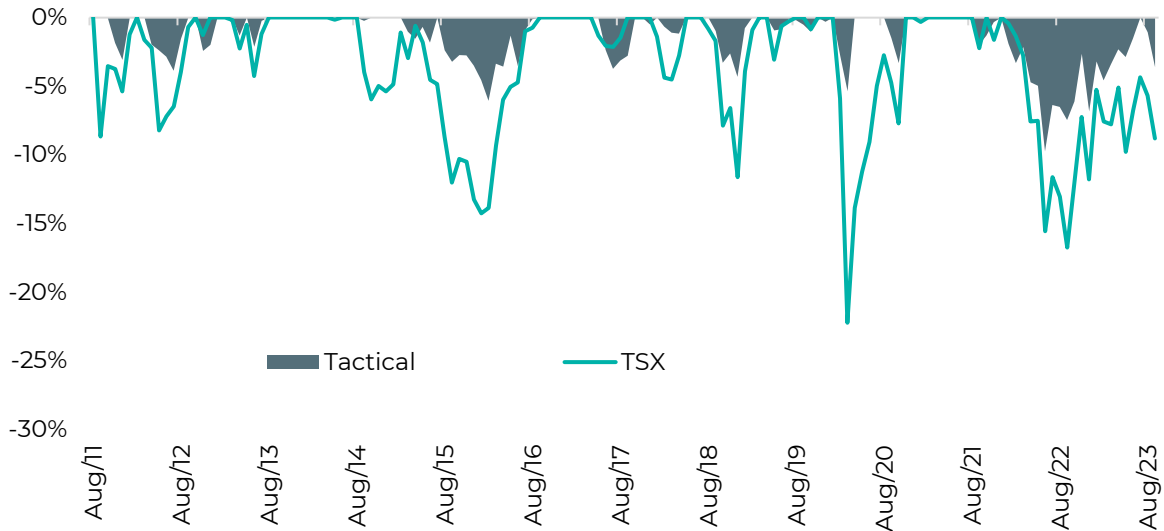
Put it all together, the Purpose Tactical ETF mandate was down -1.9% in the third quarter, bringing the year-to-date gain to +3.9%. Clearly not a great quarter, but better than static balanced proxies by more than a full 1%, better than equities, and better than the bond universe. Still, we would much prefer a drop in the correlation between stocks and bonds. Which we believe will become more of the trend in the coming months.

The next few months will be pretty important from a market perspective. Cracks continue to grow in both the markets and economy, and financial conditions have tightened considerably, so stay defensive.

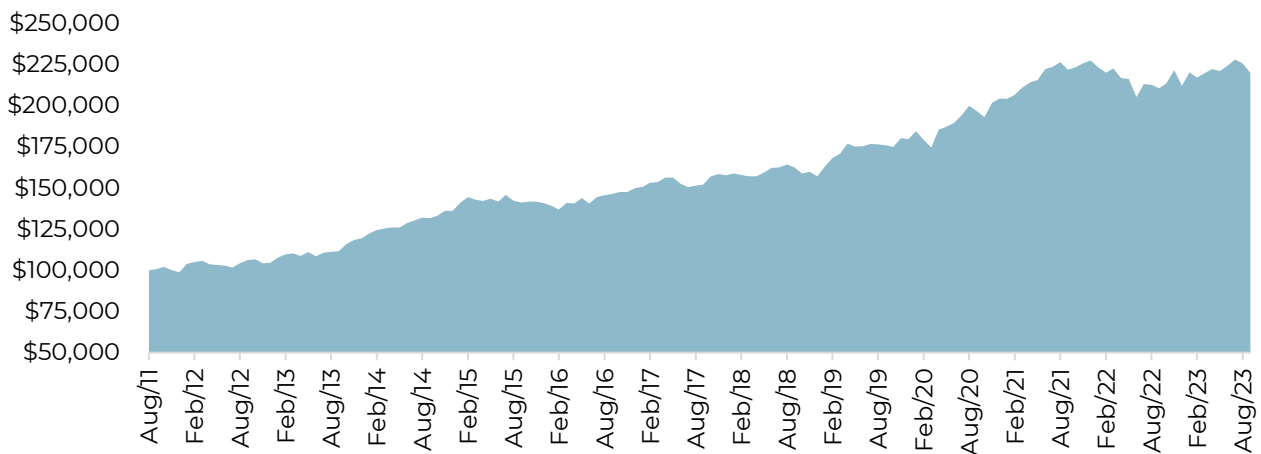


PERFORMANCE (GROSS OF FEES)

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



Tactical - Since Launch on SMA



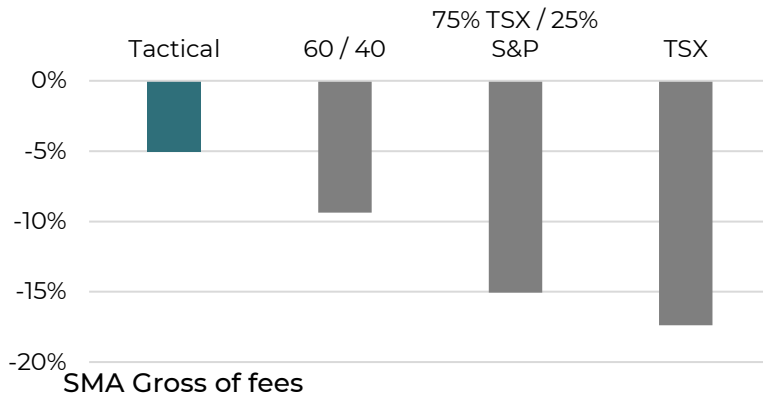
After management fees

	1-month	3-months	6-months	1-year	YTD	3-year	5-year	Inception
Tactical ETF	-2.6%	-1.9%	0.1%	4.6%	3.9%	4.0%	6.5%	7.0%
Benchmark	-3.2%	-2.6%	-1.1%	7.1%	3.4%	3.5%	5.0%	6.5%
+/-	0.7%	0.7%	1.3%	-2.4%	0.5%	0.5%	1.4%	0.5%
	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



	Tactical	Benchmark
Sharpe Ratio	0.93	0.70
Max Drawdown	-9.6%	-13.7%
Standard Deviation	6.5%	7.9%
Downside Deviation	3.7%	6.4%
Beta	0.68	1.00
Up Market Capture	86%	100%
Down Market Capture	70%	100%

COMPOSITION (October 13, 2023)

Model Driven Positions

	Focus	Weight
HORIZONS S&P/TSX 60 INDEX ET	Cdn Equity	24.5%
VANGUARD CANADIAN ST BD ETF	Cdn Short Bonc	21.4%
ISHARES CORE CAN UNIV BOND	Cdn Bond	12.7%
VANGUARD TOTAL STOCK MKT ETF	US Equity	12.4%
INVESCO QQQ TRUST SERIES 1	US Tech	9.9%
VANGUARD TOTAL BOND MARKET	US Bond	9.7%
VANGUARD SHORT-TERM BOND ETF	US Short Bond	7.1%



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.

