Purpose INVESTMENTS

QUARTERLY SMA COMMENTARY

U.S. Dividend

CHARACTERISTICS

ASSET CLASS	EQUITY
GEOGRAPHIC	US
FOCUS	DIVIDEND & DIVIDEND GROWTH
OBJECTIVE	ACTIVELY MANAGED TO PROVIDE INCOME WITH SOME CAPITAL APPRECIATION
APPROX. # OF HOLDINGS	25-30
ESTIMATED ANNUAL TRADES	16-24
BENCHMARK	S&P 500 TR
BENCHMARK 2	DJ SELECT DIVIDEND

Inception date: JUNE 30, 2011

Our belief is the risk of recession hasn't disappeared but has been pushed into 2024.

SMA MANAGER

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MARKET OVERVIEW

2023 certainly finished off in good fashion with a strong rally in both bonds and equities to cap off a rather turbulent year. More evidence that inflation is gradually fading as a market or economic concern has emboldened central banks to largely hit the pause button on rate hikes. We are all aware they started raising rates late in response to inflation that was supposed to be transitory. Now in 2024, we will learn if they waited too long to stop raising rates. The track record is not good, but time will tell.

Before we jump into 2024 thoughts, let's look back at 2023. A year that saw a mini-banking crisis, the rise of AI, a resilient U.S. economy paired with a global economy steadily losing momentum, and lots of movement in yields. The bellwether U.S. 10-year yield may have started and finished the year at 3.9%, but what a ride along the way. From the lows of 3.25% to the highs of 5.0%, bond volatility is back.

Of course, the big question is whether or not the strong rally in markets during November and December has stolen performance from 2024. This may be the case given investor sentiment is very bullish, valuations elevated and market risk metrics such as the VIX are historically low. Add to this, the resilient U.S. economy is starting to show signs of weakness. Our belief is the risk of recession hasn't disappeared but has been pushed into 2024. The impact of rates on the market and economy tends to be long and variable, clearly longer than most expected.

PORTFOLIO ACTIVITY

In the fourth quarter the Purpose U.S. Dividend mandate rose a commendable 9.4%. Slightly behind the 11.7% the S&P 500 returned. Year to date it rose 5.5%, trailing the benchmark unfortunately, however 2023 was an incredibly difficult period for dividend stocks with market leadership driven by the big tech. With markets continuing on their winning streak our elevated cash balance continued to detract from returns, however we remain committed to prudent risk management, and at this point after a nine-week winning streak in the markets and technical overbought levels, we're happy to leave some on the table if this means outperforming during any coming period of market weakness. For the time being, market conditions do not currently reflect the increased tail risk probabilities we see.

Financials, led by Goldman and Blackrock, were the standout performers, driving the quarters performance. Despite this, we maintain a cautious stance on banks, feeling that the market rally may be too aggressive. Not surprisingly, other cyclical sectors such as Technology and Industrials also experienced strong gains. Both Microsoft and Waste Management were also standout performers during the quarter. Lower yields have positively impacted our Real Estate investments, American Tower benefited by lower yields and continued strength in communication Services names.

Energy experienced a notable setback late in the year, primarily our producers Chevron and Devon Energy. The industry headwinds faced by both were more pronounced than anticipated especially considering the turmoil in the middle east. From an allocation standpoint, an elevated cash balance and being underweight technology detracted from returns. Conversely, strong security selection across a number of sectors helped offset these detractors.

In November, we made several notable trades within the portfolio. This included trimming our energy exposure and switching our U.S. pharmaceutical holdings from Bristol Myers to Merck. Additionally, we increased our holdings in Medtronic and reduced our Energy exposure by trimming Chevron.

Looking ahead into 2024, it will likely be a challenging year, however, our disciplined approach to portfolio construction has the portfolio maintaining a moderately defensive stance. Holding above-average cash and less cyclical exposure. We believe there is still enough market beta to benefit should the near-record winning streak for markets continue into January. The largest sector underweight remains Technology, and our largest overweights remain in defensive areas Staples, precious metals and cash.

The next few months will be pretty important from a market perspective. Cracks continue to grow in both the markets and the economy, and we are starting the year with higher valuations and lower yields. Best to stay defensive.

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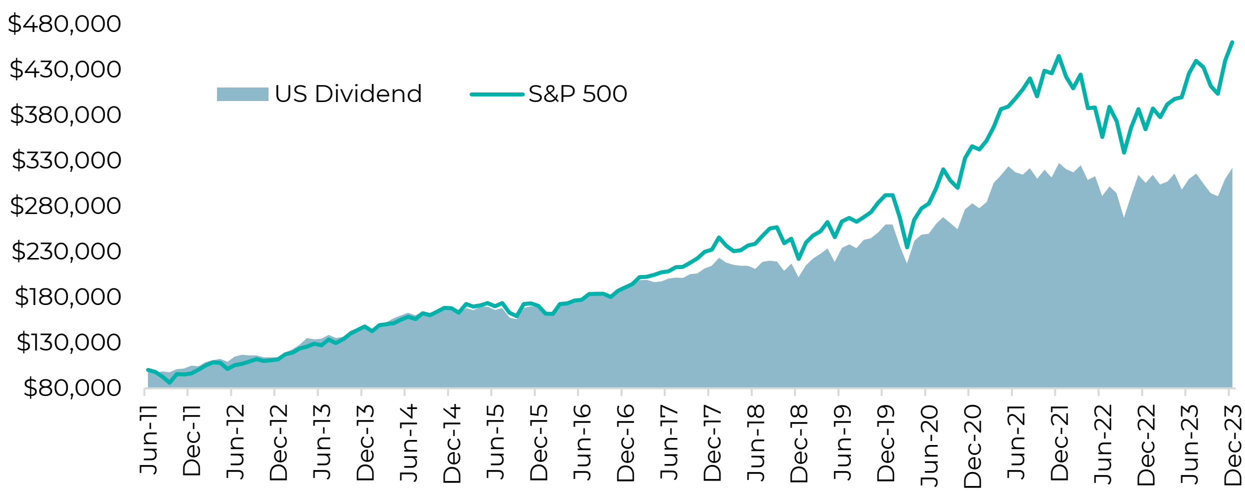
SOURCE: PURPOSE INVESTMENTS & BLOOMBERG

ALL PERFORMANCE DATA AS AT DECEMBER 31, 2023

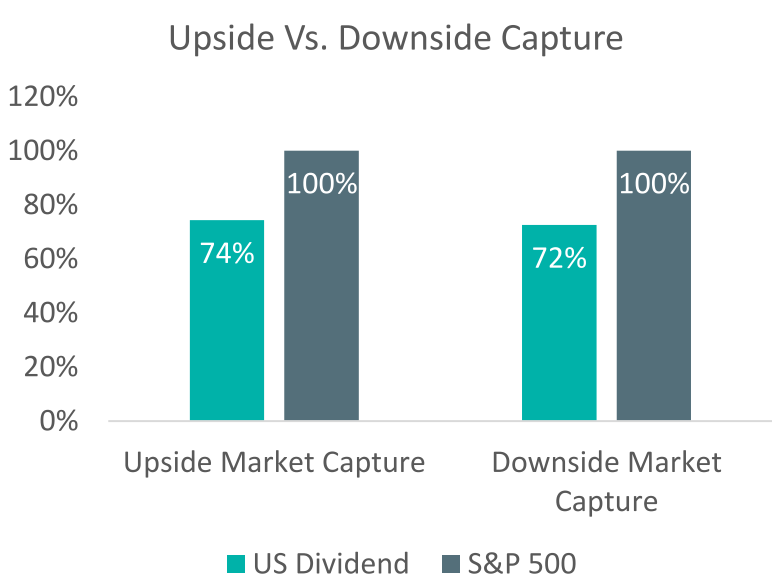
PERFORMANCE (GROSS OF FEES)



	1-month	3-months	6-months	1-year	YTD	3-year	5-year	7-year	Incep
US Dividend	4.1%	9.4%	4.0%	5.5%	5.5%	4.4%	9.8%	7.7%	9.8%
S&P 500	4.5%	11.7%	8.0%	26.3%	26.3%	10.0%	15.7%	13.4%	13.0%
+/-	-0.5%	-2.3%	-4.0%	-20.8%	-20.8%	-5.6%	-5.9%	-5.7%	-3.2%

	2014	2015	2016	2017	2018	2019	2020	2021	2022
US Dividend	14.2%	1.0%	13.6%	12.2%	-6.0%	28.8%	8.9%	15.7%	-6.7%
S&P 500	13.7%	1.4%	12.0%	21.8%	-4.4%	31.5%	18.4%	28.7%	-18.1%
+/-	0.5%	-0.3%	1.6%	-9.7%	-1.6%	-2.7%	-9.5%	-13.0%	11.4%

RISK METRICS



	U.S. Dividend	S&P 500
Sharpe	0.80	0.88
Max Drawdown	-17%	-20%
SD	12.2%	14.7%
Downside Deviation	7.9%	10.0%
Beta	0.72	1.00

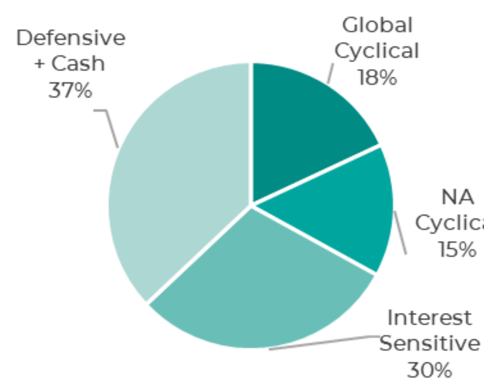
SOURCE: PURPOSE INVESTMENTS & BLOOMBERG

COMPOSITION

Name	Sector	Weight	Yield
CHEVRON CORP	Energy	2.7%	4.0%
DEVON ENERGY CORP	Energy	2.9%	6.7%
AVIENT CORP	Materials	3.2%	2.7%
NEWMONT CORP	Materials	2.9%	4.0%
CF INDUSTRIES HOLDINGS INC	Materials	3.2%	2.0%
WASTE MANAGEMENT INC	Industrials	4.7%	1.6%
LOCKHEED MARTIN CORP	Industrials	2.8%	2.8%
INTL BUSINESS MACHINES CORP	Info Tech	2.2%	4.2%
ERICSSON (LM) TEL-SP ADR	Info Tech	1.5%	4.0%
MICROSOFT CORP	Info Tech	4.0%	0.8%
BLACKROCK INC	Financials	4.3%	2.6%
METLIFE INC	Financials	3.0%	3.0%
JPMORGAN CHASE & CO	Financials	2.5%	2.4%
GOLDMAN SACHS GROUP INC	Financials	5.8%	2.8%
CITIGROUP INC	Financials	2.8%	3.9%
AMERICAN TOWER CORP	Real Estate	2.3%	3.2%
MCDONALD'S CORP	Cons Disc	3.5%	2.3%
STARBUCKS CORP	Cons Disc	4.8%	2.5%
KIMBERLY-CLARK CORP	Cons Staples	3.0%	3.9%
PROCTER & GAMBLE CO/THE	Cons Staples	4.3%	2.6%
CONAGRA BRANDS INC	Cons Staples	2.8%	5.0%
ANHEUSER-BUSCH INBEV-SPN ADR	Cons Staples	3.7%	1.3%
ASTRAZENECA PLC-SPONS ADR	Health Care	3.5%	1.4%
MERCK & CO. INC.	Health Care	3.2%	2.6%
JOHNSON & JOHNSON	Health Care	2.9%	3.0%
MEDTRONIC PLC	Health Care	3.9%	3.3%
XCEL ENERGY INC	Utilities	2.8%	3.3%
VERIZON COMMUNICATIONS INC	Comm Services	3.5%	6.6%
HORIZONS USD CASH MAXIMIZER	Cash	5.0%	5.4%
	Cash	2.30%	3.1%

	US Dividend	S&P 500	+/-
Energy	6%	4%	1.6%
Materials	9%	2%	6.8%
Industrials	7%	9%	-1.3%
Info Tech	8%	28%	-20.4%
Financials	18%	13%	5.1%
Cons Disc	8%	11%	-2.3%
Cons Staples	14%	6%	7.5%
Comm Services	4%	9%	-5.1%
Utilities	3%	2%	0.4%
Health Care	14%	13%	0.5%
Real Estate	2%	3%	-0.2%
Cash	7%		7.3%

	US Dividend	S&P 500	+/-
Energy	8%	5%	3.6%
Materials	10%	2%	7.4%
Industrials	8%	8%	-0.7%
Info Tech	7%	28%	-20.7%
Financials	17%	13%	3.8%
Cons Disc	9%	10%	-1.9%
Cons Staples	14%	6%	8.0%
Comm Services	3%	9%	-6.1%
Utilities	3%	2%	0.5%
Health Care	12%	13%	-1.8%
Real Estate	2%	2%	-0.4%
Cash	8%		8.3%



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.