

Characteristics

Asset class	Tactical Balanced
Geographic	North American
Focus	Equity & Bond ETF's
Objective	Risk Reducing Side Care Strategy
Approx. # of holdings	3-8
Estimated annual trades	High Turnover
Benchmark	40% TSX/20% S&P 500/ 40% FTSE Dex

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Quarterly Commentary

What a start to 2022, inflation, central bank pivots, rising yields, slowing economic growth and a war in Ukraine. Add to this commodities pricing in a super cycle while equities have been rotating into defensives due to the risk of a slowing economy. Certainly an interesting and challenging start to the year.

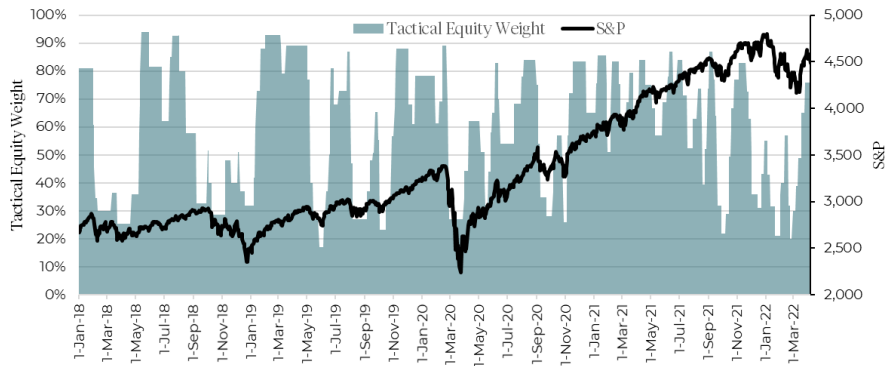
The Purpose Tactical Asset Allocation mandate declined by 2.9% in the first quarter. The models/signals did a good job in the quarter, with lower equity weights during the market weakness in January and February. This was followed by higher equity weights during the rebound in March. It was the bonds that dragged performance. Even though we predominantly use short duration bond ETFs when the signals are bearish, with yields rising across the curve, this weighed on performance.

The good news, or perhaps the silver lining, is with bond yields having made a very quick adjustment, it does appear the worse is behind us. Yes, inflation is still an issue and central banks are hiking the overnight rates, but the economic data is starting to cool. Not saying bond yields can't go up further, just that most of the adjustment pain appears to have been endured.

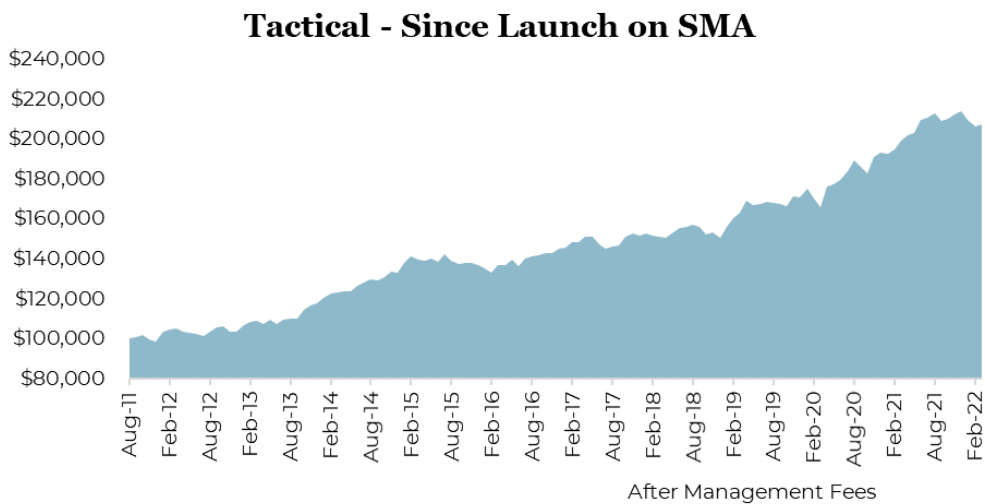
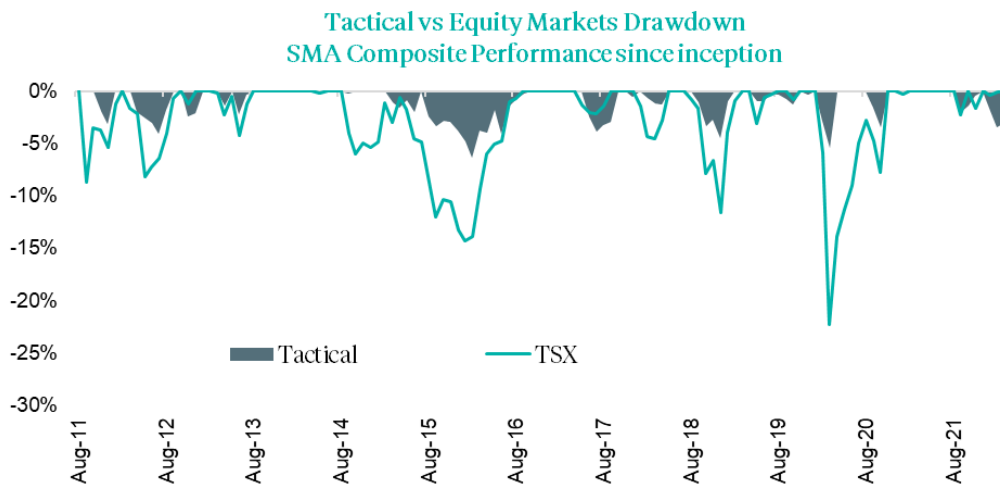
It is also not lost on us that many of the current market characteristics are most common at the very late stages of a bull market. Inflation, central bank hiking, higher yields, late cyclicals outperforming, etc. Late cycle does tend to be a challenging environment for Tactical, based on our model development and as highlighted in our primer (most recent update [HERE](#)). The good news is if it is near the end of the cycle, the next phase is when Tactical shines brightest.

The remainder of 2022 does appear to be on a challenging road. The speed of rate hikes, that path of inflation data, hopefully a resolution in Ukraine, meanwhile higher yields are already taking a bite out of economic activity. We continue to expect big market swings, in both directions. Q1 saw the first global equity correction since the start of the pandemic. With earnings, some improving data (which in this case means slower growth), we could easily see a relief rally. But we could also easily see a 2nd correction as the year progresses and the worries over slowing growth build.

Stay defensive.

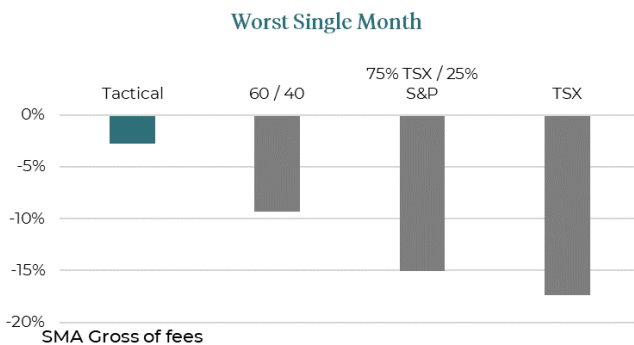


Performance



	1-month	3-months	6-months	1-year	YTD	3-year	5-year	Inception		
Tactical ETF	0.4%	-2.9%	-0.3%	5.0%	-2.9%	9.2%	7.8%	8.4%		
Benchmark	0.9%	-2.6%	2.6%	8.7%	-2.6%	9.2%	7.8%	8.4%		
+/-	-0.4%	-0.3%	-3.0%	-3.8%	-0.3%	0.0%	0.0%	0.1%		
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Tactical ETF	6.1%	14.4%	14.2%	3.7%	6.8%	5.5%	-0.2%	14.7%	14.0%	11.7%
Benchmark	6.5%	12.2%	12.6%	1.6%	10.7%	7.4%	-2.2%	16.9%	9.4%	13.9%
+/-	-0.3%	2.2%	1.6%	2.1%	-3.9%	-1.8%	2.0%	-2.2%	4.5%	-2.3%

Risk Management



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

	Tactical	Benchmark
Sharpe Ratio	1.18	1.02
Max Drawdown	-5.3%	-12.6%
Standard Deviation	6.0%	6.9%
Downside Deviation	2.9%	6.0%
Beta	0.70	1.00
Up Market Capture	90%	100%
Down Market Capture	75%	100%

Composition

Positions

Model Driven Positions

	Focus	Weight
HORIZONS S&P/TSX 60 INDEX ET	Cdn Equity	50.45%
ISHARES CORE CANADIAN SHORT	Cdn Bond	14.67%
SPDR S&P 500 ETF TRUST	US Equity	4.98%
VANGUARD SHORT-TERM BOND ETF	US Bond	27.72%

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.