Tactical ETF

July 2022

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

SMA Manager

Craig Basinger
Chief Market Strategist
T: 647.822.1406
craigb@purposeinvest.com

Derek Benedet
Portfolio Manager
T: 416.726.1269
DerekB@purposeinvest.com

Brett Gustafson
Portfolio Analyst
T: 403.689.0012
Brettg@purposeinvest.com

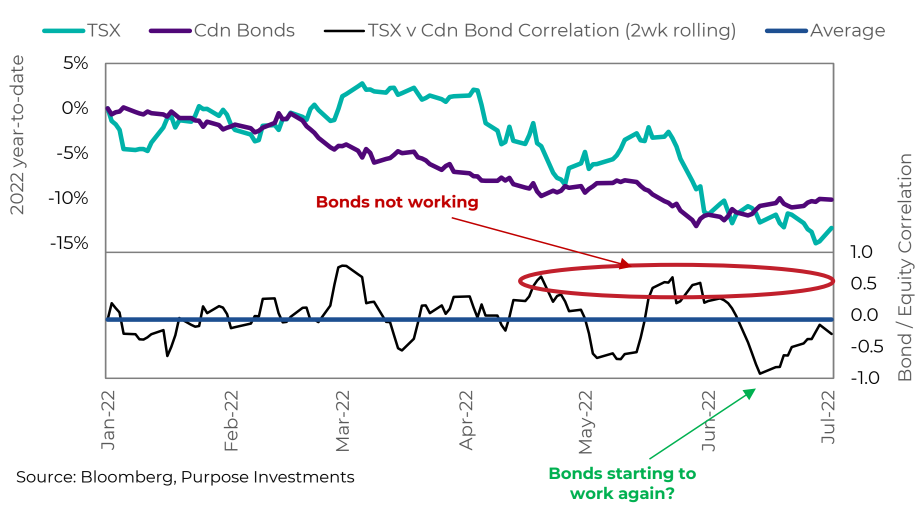
Quarterly Commentary

It is halftime for 2022, and by any measure the year is not going well. The 1st half really had no place to hide, as both bonds and equities declined. Some markets breached the -20% threshold, commonly referred to as a bear market, while many others were down less but still materially. At the same time, bond yields have been rising, weighing heavily on bonds. And with recession risks rising, credit spreads have widened, providing another headwind for corporate bonds. There were a few bright spots; energy did well, along with a handful of commodities. But as economic growth has slowed, raising recession risks, those gains are disappearing quickly. The U.S. dollar was very strong. Beyond these pockets, the 1st half was largely in the red.

The Purpose Tactical ETF strategy we down -7.7% in the 2nd quarter compared to -10.3% for a static balanced benchmark and -13.2% for the TSX. The average equity weight was just a bit above 40% during the quarter, so a defensive stance within the portfolio. Even with using more short duration bond ETFs and higher cash, the defense side of the portfolio just didn't provide a counter balance to equity weakness, more like a further drag.

Bonds and equities going down simultaneously, not ideal for any portfolio comprised of equities and bonds. That includes portfolios with a static asset mix along with those that are more tactical. But something may have started to change in mid-June. The market quickly pivoted from inflation fears to slowing economic growth concerns. Both fears are justified, as they inject a higher degree of uncertainty about the future. There is a silver lining though, slower economic growth concerns appear to have kick-started many of the more normal market relationships. Such as during this risk-off month, the U.S. dollar has risen vs the Canadian dollar. Even more importantly, bonds and equities have been moving in opposite directions again. A much more normal behavior.

Bond / Equity correlations have turned back negative, a sign the 'everything simultaneously going lower' phase may be ending



Source: Bloomberg, Purpose Investments

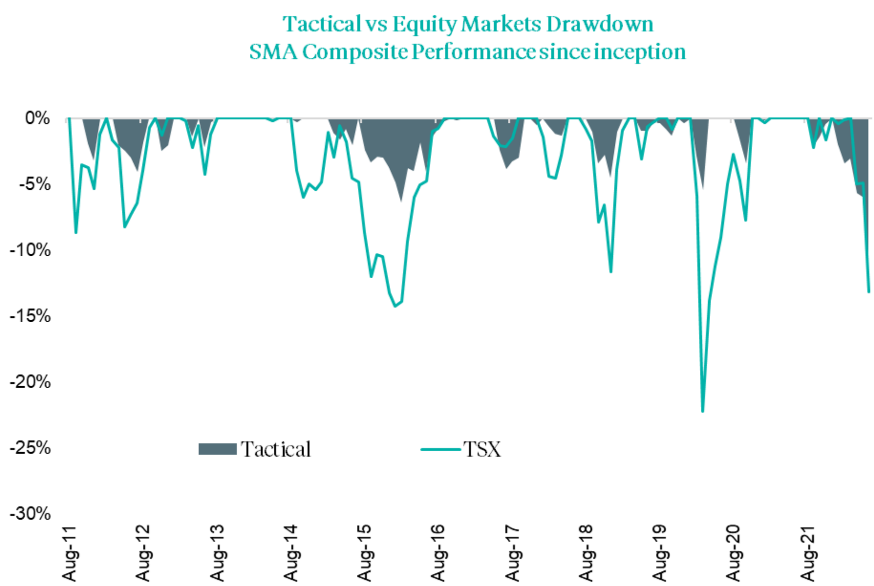
Source: Purpose Investments & Bloomberg

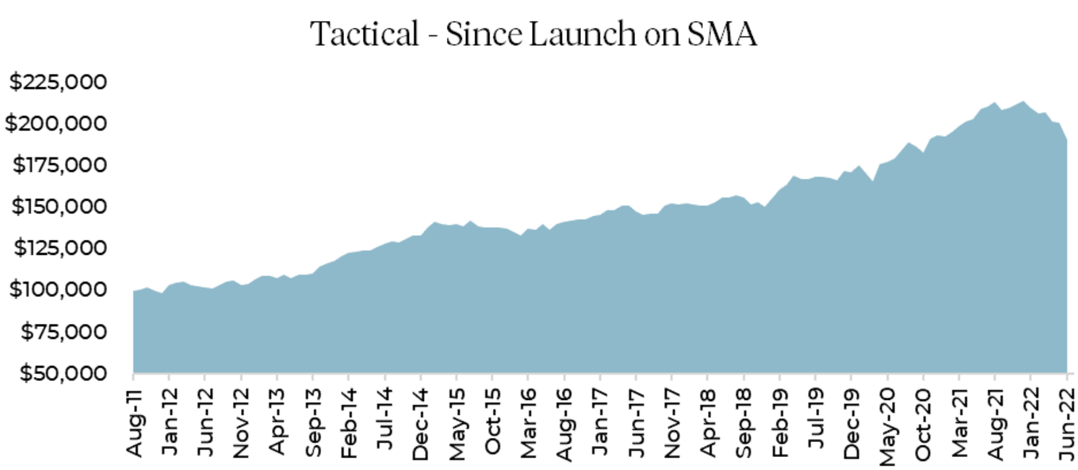
2022 is a challenging year for just about every strategy. But we are encouraged that market relationships have started to work again in the back half of June. It is possible the re-pricing of equities and bonds may be largely complete. Not saying things go straight up from here, but with more normal pricing in yields and valuations, with inflation potentially fading, a normal market may be back.

This market does have some similarities to 1994, a period we have often highlighted as challenging. Similar to this year, bonds and equities fell together for a period as central banks ratcheted up rates. This also resulted in a slowdown of economic growth. But once the market had adjusted to higher yields, both bonds & equities staged a solid back half of the year. History doesn't repeat but it often rhymes.

So, is the bottom in for equities and/or bonds? Well, 2022 is going to continue to be a very volatile year. The market continues to wrestle with which is the biggest issue, inflation risk or recession risk. It does appear that recession risk has quickly become the dominant risk and inflation may be fading. Recession risk isn't good but much more friendly for Tactical's design as the bond-equity correlation should be a positive again, as will U.S. dollar exposure.

Performance



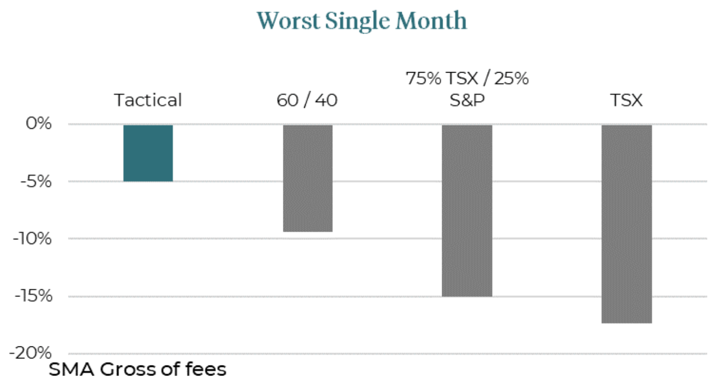


After management fees

	1-month	3-months	6-months	1-year	YTD	3-year	5-year	Inception
Tactical ETF	-5.0%	-7.7%	-10.4%	-8.1%	-10.4%	5.4%	6.2%	7.1%
Benchmark	-5.7%	-10.3%	-12.6%	-7.5%	-12.6%	4.4%	5.5%	6.7%
+/-	0.7%	2.6%	2.2%	-0.6%	2.2%	1.0%	0.7%	0.3%

	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



	Tactical	Benchmark
Sharpe Ratio	0.97	0.79
Max Drawdown	-10.4%	-12.6%
Standard Deviation	6.3%	7.3%
Downside Deviation	3.5%	6.4%
Beta	0.71	1.00

Composition

Positions

Model Driven Positions	Focus	Weight
HORIZONS S&P/TSX 60 INDEX ET	Cdn Equity	13.68%
ISHARES CORE CANADIAN SHORT	Cdn Bond	25.05%
ISHARES CORE S&P 500 INDEX E	US Equity	8.03%
SPDR S&P 500 ETF TRUST	US Equity	8.73%
VANGUARD SHORT-TERM BOND ETF	US Bond	11.72%
INVESCO QQQ TRUST SERIES 1	US Tech	11.16%

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.