

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

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Quarterly Commentary

How do we even attempt to unpack what happened in 2022...on the surface very little sounds good. Russia invaded Ukraine: a travesty that also caused increased global political polarization, an energy crisis, and higher food prices. Global inflation got out of control, not from the war but more from the knock-on effects of the pandemic-altered behaviours. Plus, there was the impact of global monetary/fiscal stimulus that was left on too long. Inflation triggered an abrupt reversal in stimulus from accommodation to restriction as just about all central banks tightened financial conditions, some materially.

The silver lining is 2022 appears to have reset markets. Now, we are not saying the reset is over, or that the bottom of the bear is in, or even that bond yields are done going up, but things are much more balanced now.

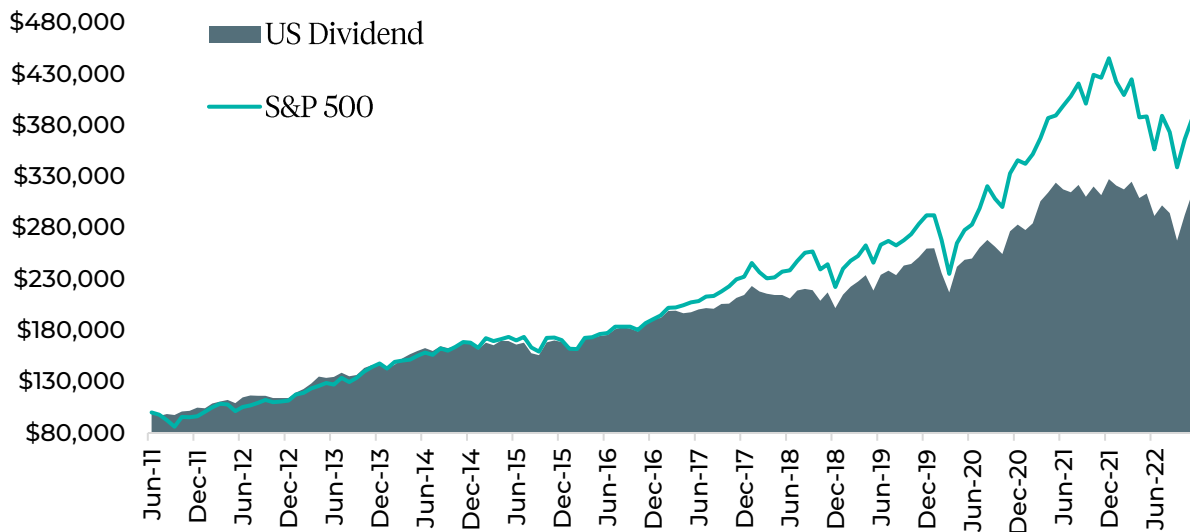
Through it all, U.S. Dividend declined -6.7%. This compares quite well to the -18.1% return for the S&P 500 thanks to factor tilts towards value and dividend stocks as well as a more defensive sector allocation. In the fourth quarter, the mandate outperformed both major indices rising +14.3%, compared to a gain of +7.6% in the S&P 500.

Recent outperformance has predominantly been attributed to security selection, particularly in the Discretionary, Financial, and Tech sectors.. An elevated cash balance in December also helped. Top performers in this period include JPMorgan, Chevron, and Blackrock. Top detractors include Waste Management, Medtronic, and American Tower Corp. It's worth noting that we remain meaningfully overweight Consumer Staples and hold a healthy double-digit cash balance which provides additional defense to the portfolio. Technology remains the largest underweight within the portfolio.

Though December was a grim month to cap off a rather challenging year, we executed a number of trades early in the month. Largely for tax loss reasons we exited AT&T, consolidating our U.S. telecom exposure into Verizon. We also further trimmed our Tech weighting and exited Intel. With numerous signs pointing toward continued headwinds in the semi-space, it makes for a difficult environment to execute the new CEO's strategic changes. We also added to the portfolio's gold exposure believing that the environment in 2023 will be favourable once again to precious metals. Falling bond yields, strong central bank demand, and a weaker U.S. dollar all point towards a rebound year for gold.

At present, equity markets appear to be a bit glass half full, and not completely pricing in what the Fed and other assets are telling us. Markets continue to price in a peak in rates mid-year with some easing towards year-end. In our view, this may be optimistic and given what has happened over the past 12 months, we should not be surprised by any surprises with inflation or Fed Policy. On top of that, there is the added risk to corporate profits, which could be revised sharply lower in the months ahead as higher rates and prolonged inflation bite into margins and a cooling economy dims growth prospects. We remain defensively tilted, awaiting an opportune time to make tactical shifts when warranted.

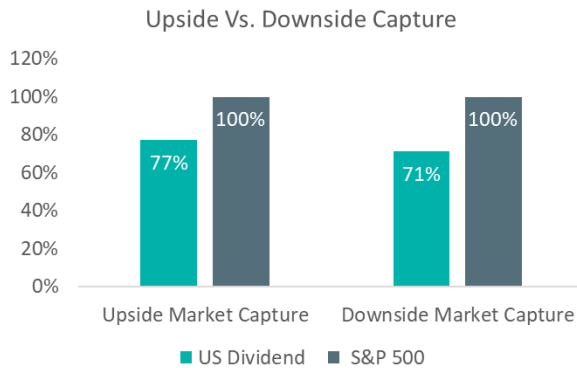
Performance (gross of fees)



	1-month	3-months	6-months	1-year	YTD	3-year	5-year	7-year	incep
US Dividend	-2.8%	14.3%	4.9%	-6.7%	-6.7%	5.6%	8.2%	8.9%	10.3%
S&P 500	-5.8%	7.6%	2.3%	-18.1%	-18.1%	7.7%	11.0%	11.5%	12.0%
+/-	3.0%	6.7%	2.6%	11.4%	11.4%	-2.1%	-2.8%	-2.6%	-1.7%

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
US Dividend	8.9%	28.0%	14.2%	1.0%	13.6%	12.2%	-6.0%	28.8%	8.9%	15.7%
S&P 500	16.0%	32.4%	13.7%	1.4%	12.0%	21.8%	-4.4%	31.5%	18.4%	28.7%
+/-	-7.1%	-4.4%	0.5%	-0.3%	1.6%	-9.7%	-1.6%	-2.7%	-9.5%	-13.0%

Risk Metrics



	US Dividend	S&P 500
Sharpe	0.85	0.84
Max Drawdown	-17%	-20%
SD	12.2%	14.7%
Downside Deviation	8.1%	10.3%
Beta	0.73	1.00

Composition

Sectors

	US		
	Dividend	S&P 500	+/-
Energy	5%	5%	-0.2%
Materials	7%	3%	4.4%
Industrials	8%	9%	-0.8%
Info Tech	9%	26%	-16.9%
Financials	21%	12%	8.7%
Cons Disc	9%	10%	-1.1%
Cons Staples	11%	7%	4.1%
Comm Services	4%	8%	-3.8%
Utilities	3%	3%	0.2%
Health Care	9%	15%	-6.3%
Real Estate	3%	3%	-0.2%
Cash	12%		11.9%

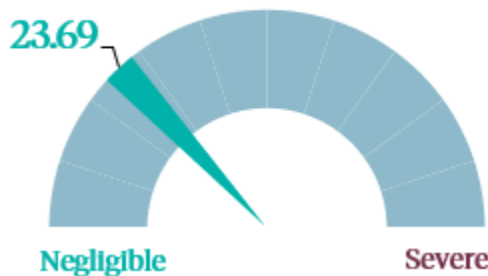
Equity Positions

Name	Sector	Weight	Yield
CHEVRON CORP	Energy	5.0%	3.2%
AVIENT CORP	Materials	3.3%	2.6%
NEWMONT CORP	Materials	3.9%	4.2%
WASTE MANAGEMENT INC	Industrials	4.1%	1.7%
EMERSON ELECTRIC CO	Industrials	3.8%	2.1%
INTL BUSINESS MACHINES CORP	Info Tech	2.1%	4.5%
ERICSSON (LM) TEL-SP ADR	Info Tech	1.6%	3.6%
MICROSOFT CORP	Info Tech	2.7%	1.1%
INFINEON TECHNOLOGIES-ADR	Info Tech	2.7%	1.0%
BLACKROCK INC	Financials	4.2%	2.6%
METLIFE INC	Financials	3.2%	2.8%
JPMORGAN CHASE & CO	Financials	4.9%	2.9%
GOLDMAN SACHS GROUP INC	Financials	5.6%	2.7%
CITIGROUP INC	Financials	2.6%	4.1%
AMERICAN TOWER CORP	Real Estate	2.6%	2.7%
MCDONALD'S CORP	Cons Disc	3.4%	2.3%
STARBUCKS CORP	Cons Disc	5.6%	2.0%
KIMBERLY-CLARK CORP	Cons Staples	2.4%	3.4%
PROCTER & GAMBLE CO/THE	Cons Staples	4.5%	2.4%
CONAGRA BRANDS INC	Cons Staples	4.1%	3.3%
ASTRAZENECA PLC-SPONS ADR	Health Care	3.7%	1.3%
BRISTOL-MYERS SQUIBB CO	Health Care	2.8%	3.2%
MEDTRONIC PLC	Health Care	2.3%	3.4%
XCEL ENERGY INC	Utilities	3.3%	2.7%
VERIZON COMMUNICATIONS INC	Comm Service	3.8%	6.2%

Cyclicality

	U.S.		
	Dividend	S&P	+/-
Global Cyclical	12%	8%	4%
NA Cyclical	17%	35%	-18%
Interest Sensitive	35%	28%	8%
Defensive + Cash	36%	30%	6%

ESG Risk Rating Score



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.