

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

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.

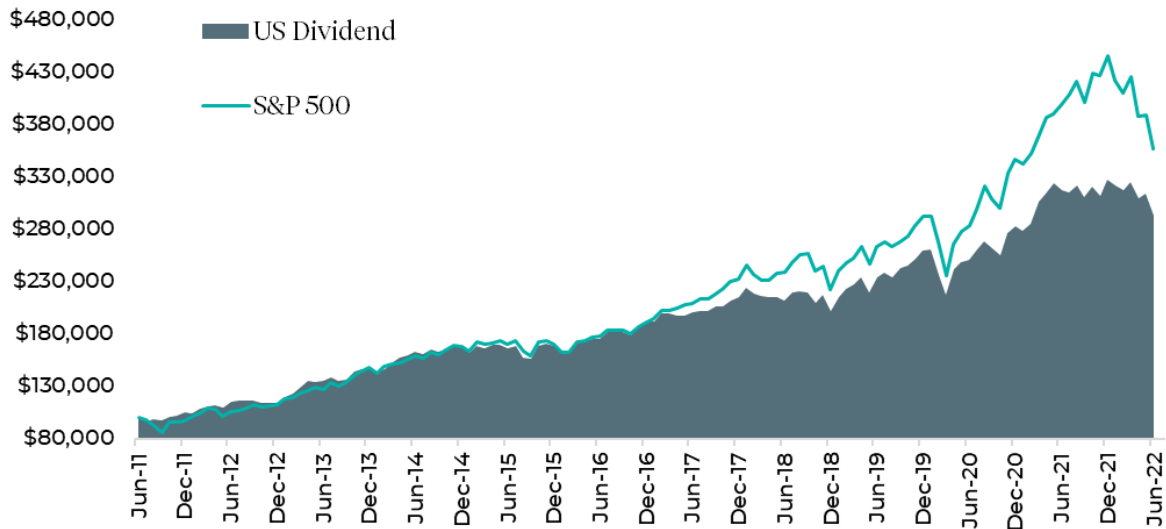
There is some solace that dividend-focused strategies have held up relatively well. The Purpose U.S. Dividend mandate is down -10.7% in the first half, handily outperforming both the S&P 500 which is down -20% over the same time period. This brings the trailing 1-year return to -7.9%, compared to the -10.6% return of the S&P 500.

Trading – In early May we exited the rest of Lockheed Martin as the lift in share price was really pricing in aggressive defense spending for many years into the future. While possible, it just appeared too optimistic and quick. With the proceeds, we added Starbucks on the back of compelling valuations. It had come down considerably since the beginning of the year along with much of the Consumer Discretionary sector. It offers a decent yield and has strong dividend health. The stock has been under pressure due to its China exposure as well as ongoing unionization across a number of stores. Later in May, we added Microsoft to further increase our Technology exposure. In June, we exited Virtu Financial as the share price has not been providing defensiveness compared to previous periods of market weakness. The move into some crypto asset trading and retail investors broadly stepping back proved bigger headwinds.

While the portfolio attribution was positive in the quarter, that offers little consolation given it was a down period. Some of the bigger drags on the portfolio were financials including Virtu, JPMorgan, Goldman Sachs and BlackRock. There were some positives including Kimberly-Clark, AT&T and IBM. Exposure to defensive sectors such as Consumer Staples and Health Care helped relative performance.

The big overweights in the portfolio are Financials, Consumer Staples as well as Materials. Staples provide additional portfolio protection during periods of high volatility and Financials should do well in a rising rate environment. Though Technology remains a large underweight compared to the S&P 500, we have been increasing our exposure as we believe the sector will do well on a market recovery in the 2nd half. The markets are now wrestling with slowing economic growth and rising recession risk. While not positive, this is healthier than inflation risks, which may be starting to recede. On a positive note, we do believe dividend-focused investing should perform well in the 2nd half.

Performance (gross of fees)

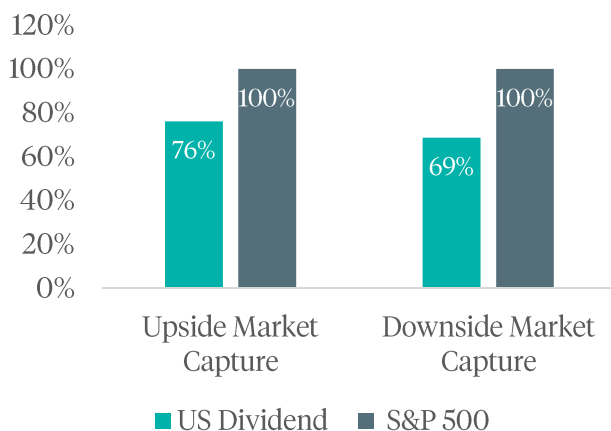


	1-month	3-months	6-months	1-year	YTD	3-year	5-year	7-year	incept
US Dividend	-6.8%	-10.0%	-10.7%	-7.9%	-10.7%	7.7%	7.8%	8.4%	10.3%
S&P 500	-8.3%	-16.1%	-20.0%	-10.6%	-20.0%	10.6%	11.3%	11.1%	12.3%
+/-	1.5%	6.1%	9.2%	2.7%	9.2%	-2.9%	-3.5%	-2.7%	-2.0%

	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

Upside Vs. Downside Capture



	US Dividend	S&P 500
Sharpe	0.90	0.88
Max Drawdown	-17%	-20%
SD	11.5%	14.1%
Downside Deviation	7.6%	10.2%
Beta	0.71	1.00

Composition

Sectors

	US		
	Dividend	S&P 500	+/-
Energy	4%	4%	0.1%
Materials	6%	2%	3.8%
Industrials	8%	8%	0.1%
Info Tech	15%	27%	-12.6%
Financials	19%	11%	7.8%
Cons Disc	8%	11%	-2.9%
Cons Staples	11%	7%	4.1%
Comm Services	3%	9%	-5.7%
Utilities	3%	3%	0.4%
Health Care	10%	15%	-5.2%
Real Estate	3%	3%	0.2%
Cash	10%		9.7%

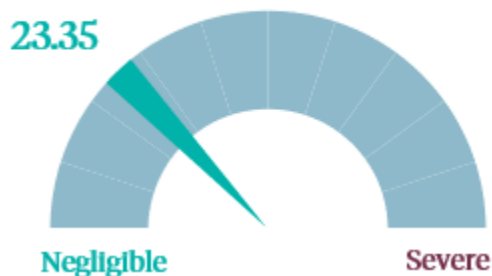
Cyclicality

	U.S.		
	Dividend	S&P	+/-
Global Cyclical	10%	7%	4%
NA Cyclical	23%	35%	-12%
Interest Sensitive	33%	28%	6%
Defensive + Cash	34%	31%	3%

Equity Positions

Name	Sector	Weight	Yield
CHEVRON CORP	Energy	4.2%	4.1%
AVIENT CORP	Materials	3.8%	2.3%
NEWMONT CORP	Materials	2.6%	3.9%
WASTE MANAGEMENT INC	Industrials	4.4%	1.7%
EMERSON ELECTRIC CO	Industrials	3.3%	2.6%
INTL BUSINESS MACHINES CORP	Info Tech	2.2%	4.7%
ERICSSON (LM) TEL-SP ADR	Info Tech	2.0%	3.7%
MICROSOFT CORP	Info Tech	3.1%	1.0%
INFINEON TECHNOLOGIES-ADR	Info Tech	2.0%	1.3%
INTEL CORP	Info Tech	2.7%	3.7%
CISCO SYSTEMS INC	Info Tech	3.0%	3.5%
BLACKROCK INC	Financials	3.7%	3.2%
METLIFE INC	Financials	2.9%	3.3%
JPMORGAN CHASE & CO	Financials	4.3%	3.5%
GOLDMAN SACHS GROUP INC	Financials	5.0%	3.3%
CITIGROUP INC	Financials	2.9%	4.1%
AMERICAN TOWER CORP	Real Estate	3.0%	2.3%
MCDONALD'S CORP	Cons Disc	3.5%	2.2%
STARBUCKS CORP	Cons Disc	4.7%	2.4%
KIMBERLY-CLARK CORP	Cons Staples	2.5%	3.5%
PROCTER & GAMBLE CO/THE	Cons Staples	4.6%	2.5%
CONAGRA BRANDS INC	Cons Staples	3.8%	3.7%
ASTRAZENECA PLC-SPONS ADR	Health Care	3.9%	2.9%
BRISTOL-MYERS SQUIBB CO	Health Care	3.1%	2.9%
MEDTRONIC PLC	Health Care	2.8%	3.1%
XCEL ENERGY INC	Utilities	3.4%	2.8%
VERIZON COMMUNICATIONS INC	Comm Services	1.9%	5.1%
AT&T INC	Comm Services	1.3%	5.4%

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.