

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

The highs posted in late Summer quickly reversed to close out September, with the S&P 500 closing the quarter off with a new low. Over the quarter there was lots of chatter centering around a 'Fed Pivot', allowing the Fed to move away from tightening and into easing. Based on Fed fund futures, markets have not moved to confirm any of this, in fact, the implied terminal rate rose this month which is one of the reasons behind the stock sell-off.

It was a topsy-turvy quarter for markets. Despite markets pulling an aggressive U-turn after the summer rally, there really were few places to hide. Value underperformed growth and momentum factors. Though still outperforming YTD, the underperformance during a period of high volatility and rising yields was unexpected. Secondly, rising yields negatively impacted many 'defensive' sectors. Utilities and Consumer Staples were down nearly as much as Technology and other more cyclical sectors.

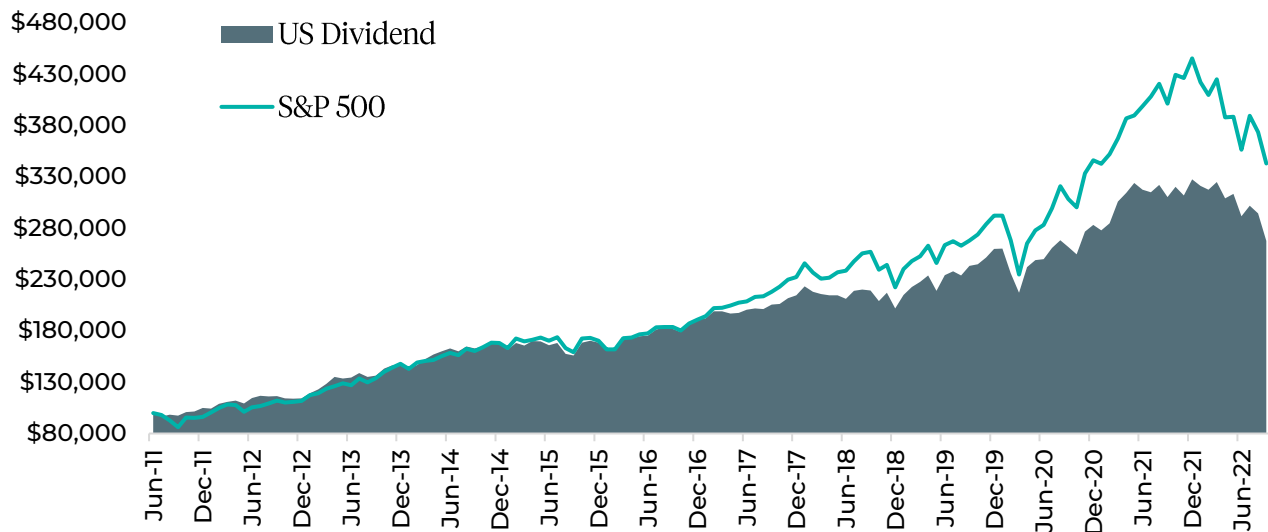
The pressure to 'do something' during a market sell-off can be rather intense. Often, doing nothing turns out to be the best course of action given the portfolio is of sound construction and has proper diversification. A stout cash balance remains an important diversifier as we expect volatility to be a common theme in the quarter ahead. The chances of a severe U.S. recession remain low in our opinion; however, the odds have been increasing.

Trading – In the middle of August, we exited Cisco ahead of their earnings announcement. The stock was up 15% since the lows at the beginning of the quarter, and we wanted to take advantage of the market bounce as well as reduce the portfolio's technology weight, believing that markets had simply moved too far, too fast.

Starbucks and Cisco were the two largest contributors to portfolio performance over the quarter, thankfully we had good timing on the Cisco trade as it went on to make a new low for the year by the end of September. Few stocks were positive over the quarter, yet Material stocks Avient and Newmont were the largest detractors in the portfolio as concerns over an economic slowdown impacted chemical demand and gold struggled to keep pace with the surging U.S. dollar. Intel continues to face considerable pressure along with all other chip manufacturers. We remain significantly underweight in Technology within the portfolio along with Communication Services. The portfolio continues to maintain a value tilt along with a substantial cash balance, which we use as a tactical defensive position. In addition to a healthy amount of dry powder, the portfolio remains overweight Consumer Staples and Financials.

Doom and gloom remain the persistent narrative. Bear markets are like recessions – you don't know they are over until well after the fact. In the meantime, we're comfortable sitting on some extra cash and avoiding areas of the market that are reliant on an economic recovery. Tighter financial conditions lead to lower growth, and we do not foresee this relationship breaking down any time soon.

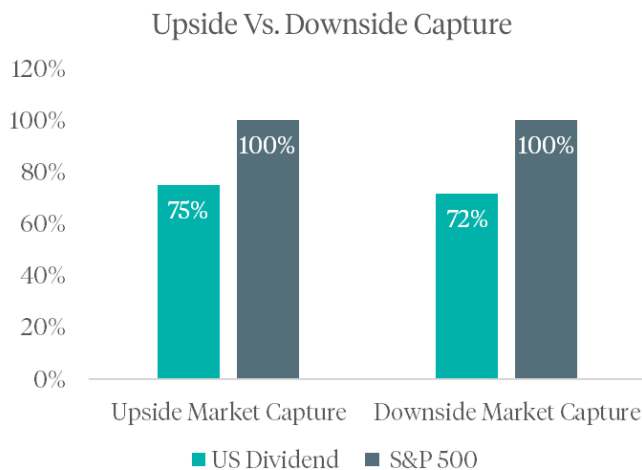
Performance (gross of fees)



	1-month	3-months	6-months	1-year	YTD	3-year	5-year	7-year	incep
US Dividend	-9.2%	-8.3%	-17.7%	-13.8%	-10.1%	3.2%	5.4%	8.0%	9.3%
S&P 500	-8.2%	-3.8%	-19.3%	-14.5%	-16.1%	8.6%	9.5%	11.6%	11.8%
+/-	-1.0%	-4.5%	1.6%	0.7%	6.0%	-5.4%	-4.1%	-3.6%	-2.5%

	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	0.81	0.81
Max Drawdown	-17%	-20%
SD	11.5%	14.5%
Downside Deviation	8.2%	10.3%
Beta	0.71	1.00

Composition

Sectors

	US		
	Dividend	S&P 500	+/-
Energy	5%	5%	0.1%
Materials	5%	3%	2.7%
Industrials	8%	8%	0.3%
Info Tech	11%	26%	-15.3%
Financials	19%	11%	7.9%
Cons Disc	9%	11%	-2.6%
Cons Staples	11%	7%	3.8%
Comm Services	2%	8%	-5.6%
Utilities	3%	3%	0.2%
Health Care	9%	15%	-5.9%
Real Estate	2%	3%	-0.2%
Cash	14%		14.4%

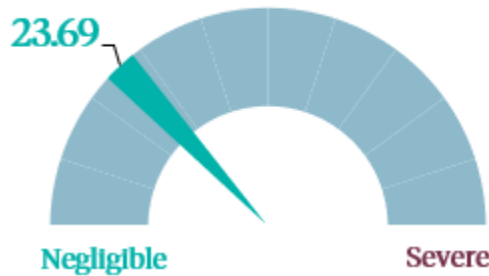
Cyclicality

	U.S.		
	Dividend	S&P	+/-
Global Cyclical	10%	8%	3%
NA Cyclical	19%	34%	-15%
Interest Sensitive	34%	28%	5%
Defensive + Cash	37%	30%	7%

Equity Positions

Name	Sector	Weight	Yield
CHEVRON CORP	Energy	5.2%	3.6%
AVIENT CORP	Materials	3.1%	3.1%
NEWMONT CORP	Materials	2.2%	5.0%
WASTE MANAGEMENT INC	Industrials	4.9%	1.7%
EMERSON ELECTRIC CO	Industrials	3.5%	2.6%
INTL BUSINESS MACHINES CORP	Info Tech	2.0%	5.5%
ERICSSON (LM) TEL-SP ADR	Info Tech	1.8%	3.7%
MICROSOFT CORP	Info Tech	3.0%	1.2%
INFINEON TECHNOLOGIES-ADR	Info Tech	2.1%	1.3%
INTEL CORP	Info Tech	1.9%	5.8%
BLACKROCK INC	Financials	3.5%	3.6%
METLIFE INC	Financials	3.3%	3.1%
JPMORGAN CHASE & CO	Financials	4.2%	3.8%
GOLDMAN SACHS GROUP INC	Financials	5.4%	3.3%
CITIGROUP INC	Financials	2.5%	4.9%
AMERICAN TOWER CORP	Real Estate	2.5%	3.1%
MCDONALD'S CORP	Cons Disc	3.5%	2.3%
STARBUCKS CORP	Cons Disc	5.4%	2.4%
KIMBERLY-CLARK CORP	Cons Staples	2.3%	4.2%
PROCTER & GAMBLE CO/THE	Cons Staples	4.3%	2.9%
CONAGRA BRANDS INC	Cons Staples	4.1%	3.9%
ASTRAZENECA PLC-SPONS ADR	Health Care	3.4%	1.7%
BRISTOL-MYERS SQUIBB CO	Health Care	3.2%	3.1%
MEDTRONIC PLC	Health Care	2.8%	3.3%
XCEL ENERGY INC	Utilities	3.2%	3.2%
VERIZON COMMUNICATIONS INC	Comm Services	1.5%	7.2%
AT&T INC	Comm Services	1.0%	7.5%

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.