

Purpose “WHY” Report

Portfolio construction insights - Why we are tilted the way we are

Purpose Macro Investment Team

Craig Basinger, Nawan Butt, Derek Benedet, Brett Gustafson, Spencer Morgan

10 February 2026

Disclaimer

The content of this document is for informational purposes only, and is not being provided in the context of an offering of any securities described herein, nor is it a recommendation or solicitation to buy, hold or sell any security. Information contained in this document is not, and under no circumstances is it to be construed as, an offering memorandum, prospectus, advertisement or public offering of securities. No securities commission or similar regulatory authority has reviewed this information and any representation to the contrary is an offence. Information contained in this document is believed to be accurate and reliable, however, we cannot guarantee that it is complete or current at all times. The information provided is subject to change without notice.

Information contained in this document is believed to be accurate and reliable, however, Purpose Investments cannot guarantee that it is complete or current at all times. The information provided is subject to change without notice.

Commissions, trailing commissions, management fees and expenses all may be associated with investment fund investments. The prospectus contains important detailed information about the investment fund. Please read the prospectus before investing. There is no assurance that any fund will achieve its investment objective, and its net asset value, yield, and investment return will fluctuate from time to time with market conditions. Investment funds are not guaranteed, their values change frequently and past performance may not be repeated.

Certain statements on this site may be forward-looking. Forward-looking statements ("FLS") are statements that are predictive in nature, depend on or refer to future events or conditions, or that include words such as "may," "will," "should," "could," "expect," "anticipate," "intend," "plan," "believe," "estimate" or other similar expressions. Statements that look forward in time or include anything other than historical information are subject to risks and uncertainties, and actual results, actions or events could differ materially from those set forth in the FLS. FLS are not guarantees of future performance and are by their nature based on numerous assumptions. Although the FLS contained in this document are based upon what Purpose believes to be reasonable assumptions, Purpose cannot assure that actual results will be consistent with these FLS. The reader is cautioned to consider the FLS carefully and not to place undue reliance on the FLS. Unless required by applicable law, it is not undertaken, and specifically disclaimed, that there is any intention or obligation to update or revise FLS, whether as a result of new information, future events or otherwise.

If the securities are purchased or sold on a stock exchange, you may pay more or receive less than the current net asset value. Investment funds are not guaranteed, their values change frequently and past performance may not be repeated.

Trailing Performance vs. Peers

Product	YTD	1 Year	3 Year	5 Year	Common Inception
Purpose Active Balanced ETF	15.4%	15.4%			16.5%
Vanguard Balanced ETF Portfolio	14.7%	14.7%	14.7%	8.1%	19.1%
Fidelity All-in-One Balanced ETF	13.0%	13.0%	15.5%		19.5%
iShares Core Balanced ETF Portfolio	13.3%	13.3%	14.1%	7.9%	18.1%
Global Neutral Balanced Category	9.6%	9.6%	11.0%	6.0%	14.7%

Common Inception Date: 2023-10-24

Source: Morningstar Direct, as of December 31, 2025

Multi-Asset Management Team

Team Credentials

Years of Combined Experience

- Deep understanding of asset management, built on decades of market cycles, innovation, and strong investment performance.

Certified Professionals

- Led by 2 CFAs and 1 CMT, ensuring top-tier analytical rigor and technical expertise in market analysis and strategy execution.

\$2 Billion AUM Across Mandates

- Managing diverse portfolios to cater to varying risk appetites, from balanced income to growth-focused strategies.

Multi-Asset Managers Since 2015

- Long track record in managing complex, multi-asset portfolios, helping clients achieve both short- and long-term financial objectives.



Craig Basinger, CFA
Chief Market Strategist



Derek Benedet
Portfolio Manager



Nawan Butt, CFA
Head Capital Markets & PM



Brett Gustafson
Associate Portfolio Manager



Gloria Huynh
Investment Analyst



Spencer Morgan
Portfolio Strategy

Asset Allocation tilts - Why

Table of Contents

Purpose Active Suite positioning & holdings

I. Top of Mind

II. Fast Hard data

Asset Allocation

III. Market Cycle – improving

IV. Why underweight equity & bonds, overweight diversifiers & cash

V. Why partial hedged USD

Equities

VI. Why equity exposure is under Canada

VII. Equal weight US and

VIII. Overweight International

IX. Why overweight Japan

X. Why tactical trade in Software

XI. Why overweight emerging markets

XII. Why US Equal Weight & Cap Weight

XIII. Why dividends are awesome

Bonds

XIV. Why duration of around 4.6

Diversifiers

XV. Why diversifying defense

Active Asset Allocation Strategic Positioning

House View		Underweight	Neutral	Overweight
Overall	Equity		•	
	Bonds		•	
	Cash			•
	Diversifiers			•
Equities	Canada	•		
	U.S.		•	
	International			•
	Emerging Markets			•
	Style Allocation (Value <----> Growth)		•	
	Size (Small <----> Large cap)			•
Fixed Income	Duration (Low <----> High)		•	
	Government			•
	Credit		•	
	Credit - Investment Grade			•
	Credit - High Yield		•	
	Credit - Preferreds	•		
Diversifiers	Volatility Reduction Strategies			•
	Growth Strategies		•	
	Structured Product / Yield		•	
	Real Assets		•	
		Passive		Active
Act/Pass	Management Approach		•	

Source: Purpose Investments

Purpose Active Suite

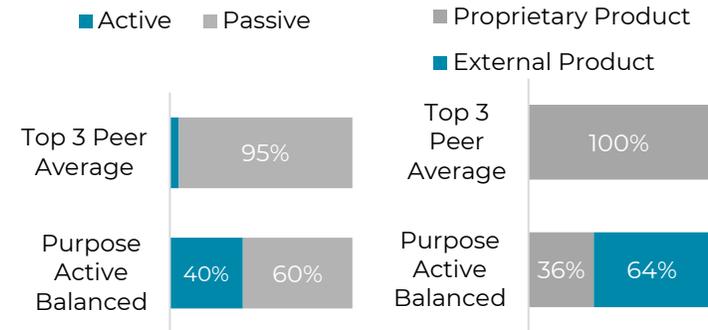
Why Report in Action

Note: holdings as of 10 Feb 2026 prior to 2% allocation to IGV

	Holding	Ticker	Weight
Cash	CAD Cash	Cad Cash	0.0%
	Purpose Cash Management ETF	MNY	3.7%
	Purpose USD Cash Management ETF	MNU.U	0.5%
Fixed Income	BMO Aggregate Bond ETF	ZAG	4.6%
	iShares Core Canadian Short Term Bd ETF	XSB	7.6%
	iShares Core Canadian Corporate Bd ETF	XCB	6.0%
	Mackenzie Unconstrained Bond ETF	MUB	3.8%
	Purpose Global Bond ETF	BND	4.0%
	BMO MT US IG Corp Bd Hdgd to CAD ETF	ZMU	3.7%
	Purpose Tactical Asset Allocation ETF	RTA	6.5%
Balanced	BMO S&P/TSX Capped Composite ETF	ZCN	5.1%
	Purpose Core Equity Income ETF	RDE	12.7%
	Invesco S&P 500 Equal Weight ETF CAD H	EQL.F	8.9%
	SPDR® S&P 500 ETF	SPY	2.0%
North American Equity	Purpose International Dividend ETF	PID	5.6%
	iShares Core MSCI EAFE ETF	IEFA	5.5%
	iShares MSCI Japan ETF	EWJ	2.2%
	iShares MSCI EAFE Min Vol Factor ETF	EFAV	5.0%
	Vanguard FTSE Emerging Mkts All Cap ETF	VEE	3.2%
	Invesco S&P Emerging Markets Low Vol ETF	EELV	2.1%
International Equity	Purpose Gold Bullion	KILO	3.8%
	Purpose Premium Yield ETF	PYF	3.4%
Diversifiers			

Source: Holdings & exposures are for the Purpose Active Balanced Fund/ETF (PABF)

Active Where it matters, Objective Throughout



Source: Purpose Investments, Morningstar, as of Most Recent Portfolio Date, for illustrative purposes only. Peer data based on publicly available information. Investment strategies, fees, and objectives may differ.

➤ One-ticket solutions aligned to three risk profiles, Conservative, Balanced, and Growth, with dynamic asset allocation, not static 60/40 mixes.

➤ TL – Full transparency into our holdings and trade activity is always available, so you can see what you own and why you own it.

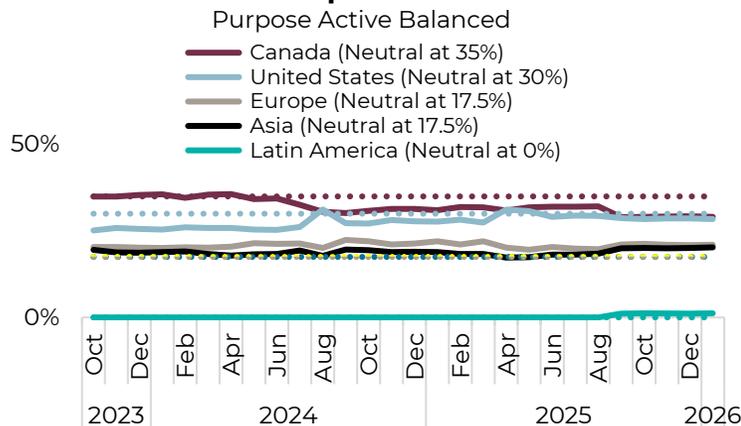
➤ BL – Equity exposures remain dynamic rather than fixed. Our macro framework guides shifts in regional positioning as fundamentals, policy, and sentiment develop over time.

➤ TR – We use active where markets are less efficient and passive where it keeps fees low. Purpose funds are capped at 40% because no firm is best at everything, and no model should be built with 100% allocation to one fund company.

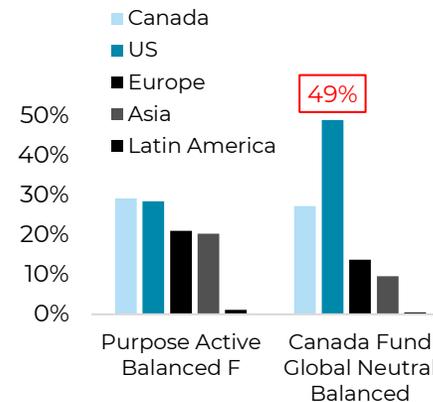
➤ BR – Typical balanced portfolios in Canada are heavily overweight US equities, yet US equities have been a laggard for several months globally. We expect this to continue and are positioned accordingly.

➤ The Why Report provides insight into the current positioning and active tilts within the Purpose Active Portfolios.

Historical Equity Geographic Exposure

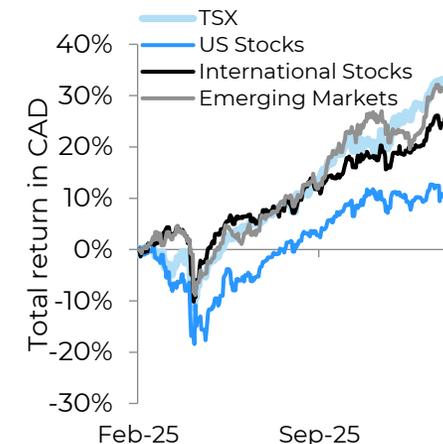


Balanced Portfolio Concentration is Narrow



Source: Purpose Investments, Morningstar, Equity Exposure

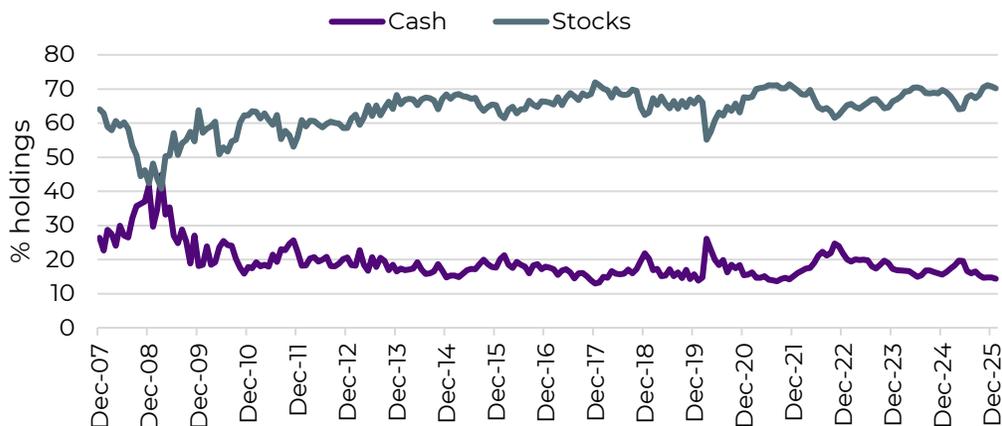
Market Growth is Broad



I. Top of Mind

Chart Referencing:
TL = Top Left, TR = Top Right
BL = Bottom Left, BR = Bottom Right

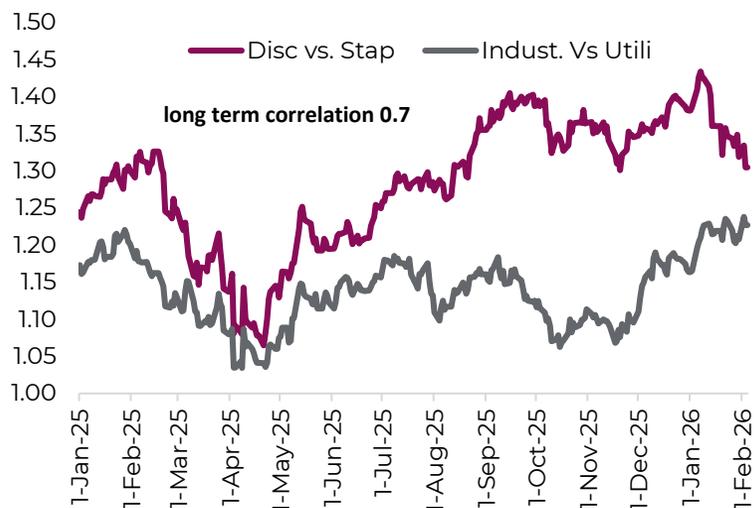
Stocks holdings at highs, cash at lows



Source: Bloomberg, AAI, Purpose Investments

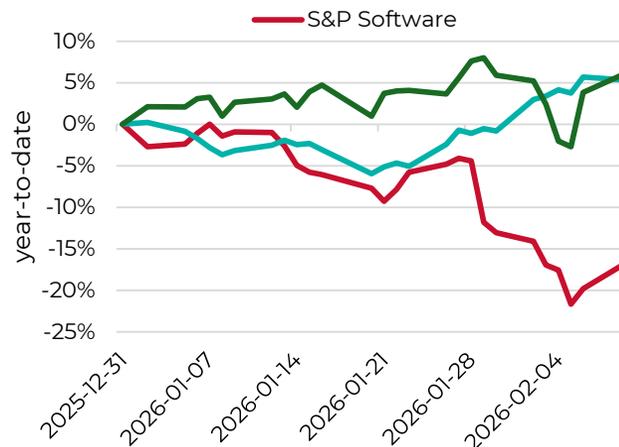
- TL – There is no doubt investors are very long this market, a natural result of three strong up years.
- BL – but something is off. We are seeing strange divergences in risk-on/risk-off models. These lines usually move in the same direction.
- B – This is a material divergence within tech, caused by AI. Severity of the move is abnormal, so much fast money moving about.
- BR – Gold is usually a crisis alpha provider but has now become a pure momentum investment. Its diversification benefits are likely muted.
- And bitcoin. This is a risk-on / risk-off vehicle, that has gone risk-off. Not healthy for overall market.

It is nuts



Source: Bloomberg, Purpose Investments

Divergence within tech?



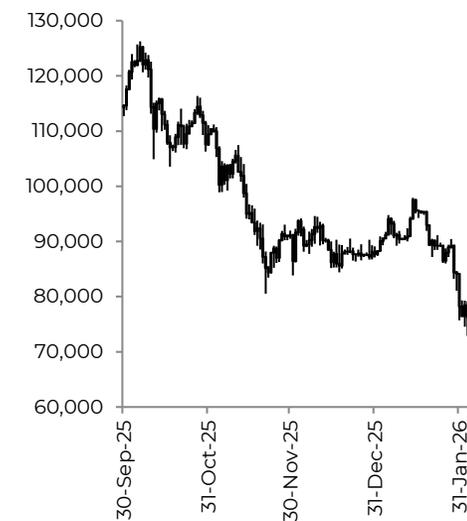
Source: Bloomberg, Purpose Investments

Gold misbehaving



Source: Bloomberg, Purpose Investments

Bitcoin



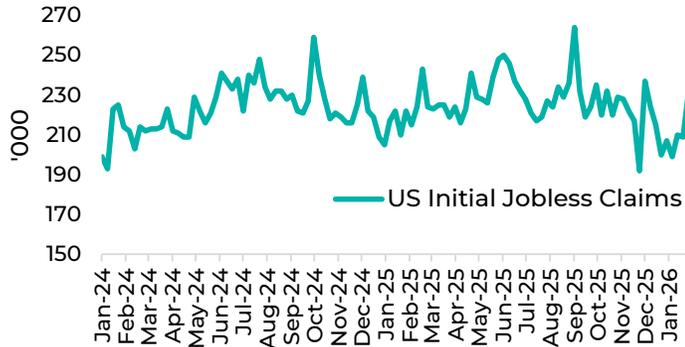
Source: Bloomberg, Purpose Investments



II. Fast Hard Data

Chart Referencing:
TL = Top Left, TR = Top Right
BL = Bottom Left, BR = Bottom Right

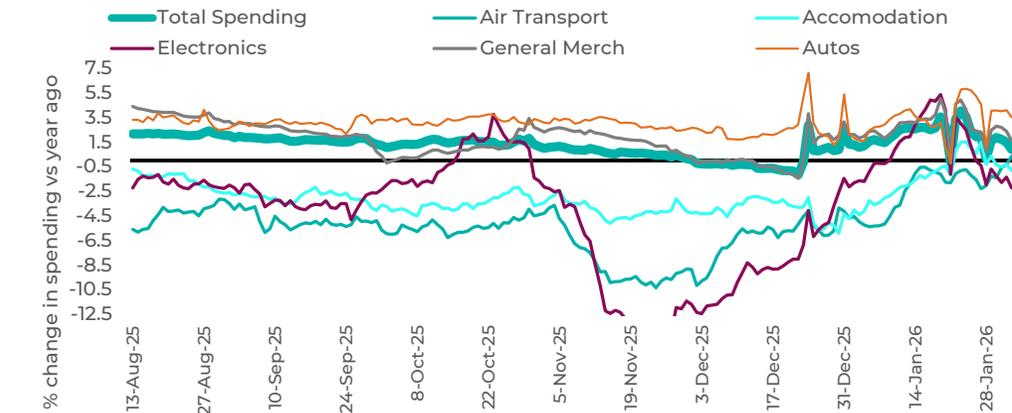
Labour market.....minor concern



Source: Bloomberg, Purpose Investments

- TL – Initial jobless claims spiked higher and there have been a minor uptick in layoffs.
- BL – Consumer spending has been losing momentum as well. This is the 30 day average vs same period last year.
- Big grain of salt for high frequency data – it’s the weather. There has been a number of storms and very cold weather in North America over the past few weeks. This does lead to higher jobless claims, a drop in air travel, some softness in consumer spending.
- BR – There has been an uptick in PMI surveys. These are straightforward surveys of purchasing managers at manufacturing firms, asking if they see activity picking up or slowing down next month. An increasing number of countries are seeing increased manufacturing activity.
- Overall, no alarm bells as the resilient economy continues.

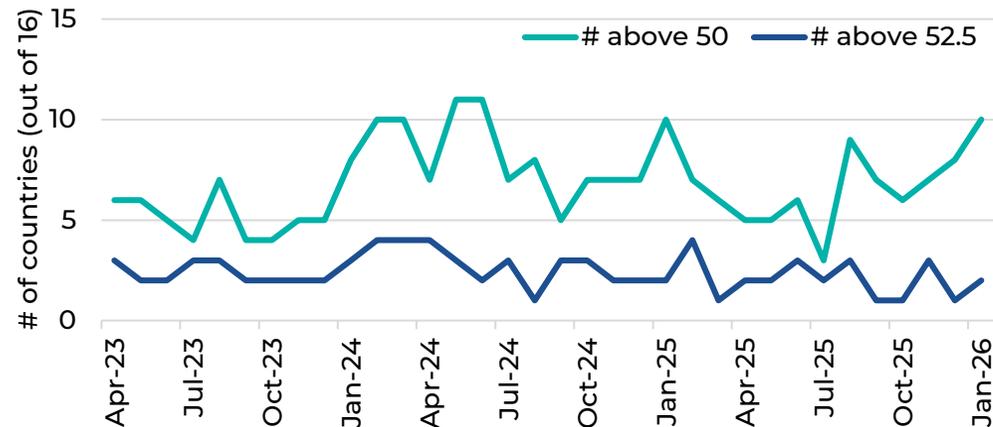
US Consumer spending firmed but is fading again



Source: Bloomberg, Purpose Investments

Manufacturing surveys are picking up

A reading above 50 implies manufacturing activity is expected to increase next month



Source: Bloomberg, Purpose Investments



III. Market Cycle

Reasonably Constructive

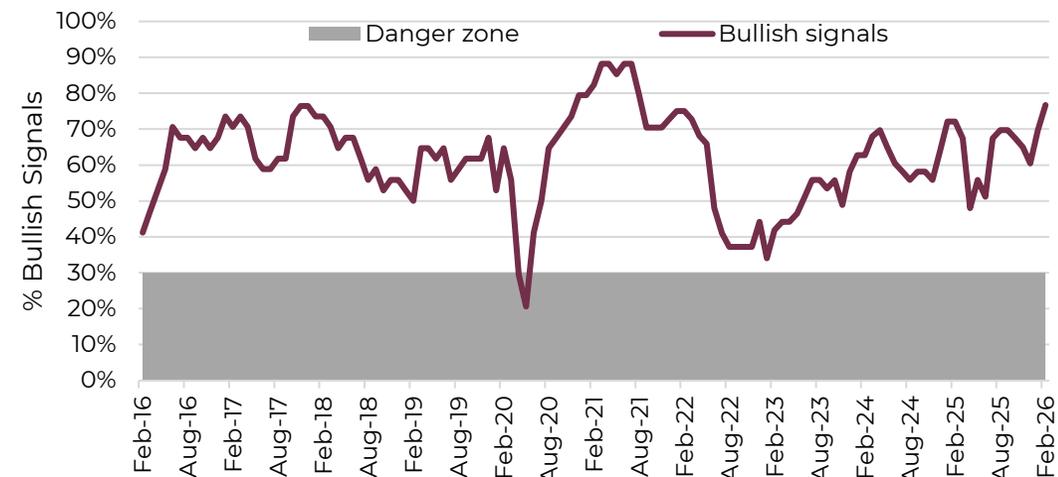
Market cycle indicators				Better/ Worse		Grouping				Better/ Worse	
Grouping	Metric	🐘	🐘	2 / 1	Grouping	Metric	🐘	🐘	6 / 2		
Rates	Net Cuts	✓		-	Global Economy	Global PMI	✓		-		
	Yield Curve	✓		+		Copper (6m)	✓		+		
	Yield Curve 3m	✓		+		DRAM (3m)	✓		+		
US Economy	Leading Ind (3m)	🐘	🐘	13 / 7		Oil (3m)	✓		+		
	Leading Ind (6m)	✓	✓	+		Commodities (3m)	✓		+		
	Phili Fed Coincident	✓		-		Baltic Freight (3m)	✓	✓	-		
	Credit (3m)	✓		+		Kospi (2m)	✓		+		
	Recession Prob (NY Fed)	✓	✓	+	Fundamentals	EM (2m)	✓		+		
	Recession Prob (Clev Fed)	✓	✓	+		US: PE	✓	✓	-		
	Citi Eco Surprise	✓		+		US: EPS Growth	✓		+		
	GPD Now (Atlanta Fed)	✓		+		US: EPS 2FY v 1FY	✓		+		
	US Unemployment	✓		+		US: 3m EPS Revision	✓		+		
	Consumer Sentiment (3m)	✓		+		Canada: PE	✓	✓	-		
Manufacturing	PMI	✓	✓	-		Canada: EPS Growth	✓		+		
	PMI New Orders	✓	✓	+		Canada: EPS 2FY v 1FY	✓		+		
	Energy Demand (YoY)	✓	✓	-		Canada: 3m EPS Revision	✓		-		
	Truck Demand (YoY)	✓		-		International: PE	✓	✓	-		
	Rail (YoY)	✓	✓	+		Int: EPS Growth	✓		+		
Housing	Starts (1yr)	✓	✓	-		Int: EPS 2FY v 1FY	✓		-		
	Months Supply (6m)	✓	✓	+		Int: 3m EPS Revision	✓		+		
	Home Sales	✓		-							
	New Home Sales	✓		+							
	NAHB Mkt Activity	✓		+							

Source: Purpose Investments, Bloomberg

*Market Cycle indicators are comprised of over 40 indicators that have in the past proven to be a good forward-looking signal for the broader economy.

- Market cycle indicators have turned up.
- The big improvement is U.S. manufacturing. PMI, PMI New Orders & Energy demand flipped to bullish.
- Globally positives remain as do fundamentals. Only downside is valuations are high.
- All in all, the backdrop still looks reasonably constructive with some improvements.

Market cycle indicators - improving



Source: Purpose Investments, Bloomberg

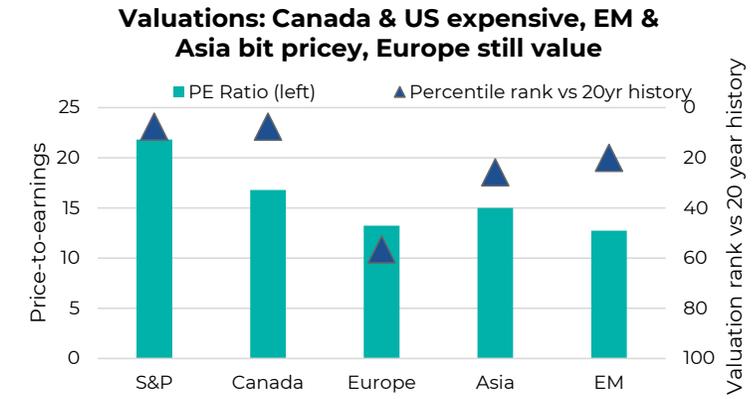


IV. Why mild underweight equities & bonds, overweight cash & diversifiers

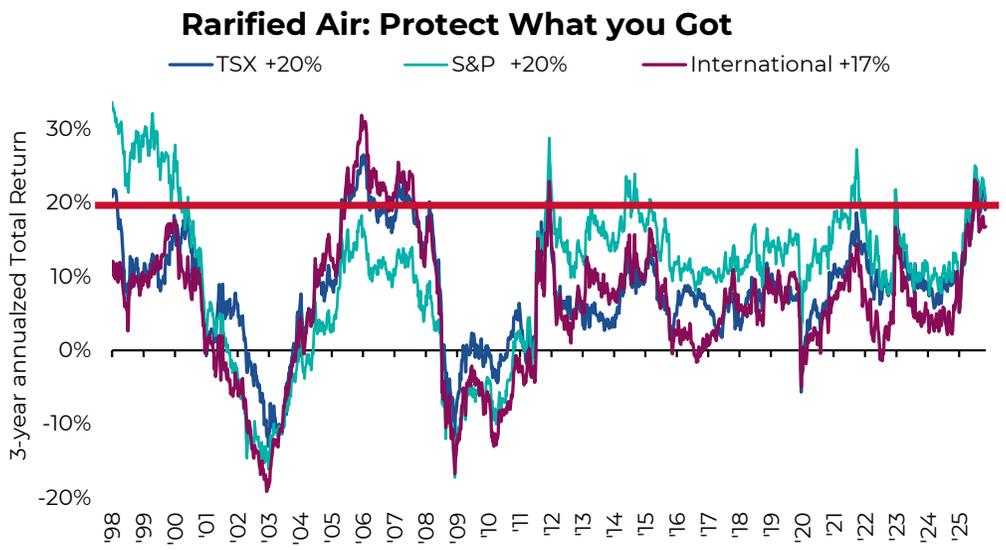
Equities

- Mild underweight in equities
- BL – Just because markets go up doesn't mean they will come back down, but three year annualized returns over 20% for most major markets is very rare. 2026 may be a year more about protecting what you already got vs chasing momentum.
- TR – Valuations are historically elevated for the U.S. and now Canada after its awesome run last year. Still decent value in Europe with emerging markets & Asia a little pricey.
- BR – Worth noting, investors are near extreme for stock market exposure and near low for cash holdings. Investors are all-in.
- And while minor underweight equities, still enough to enjoy if this rally continues on its path.

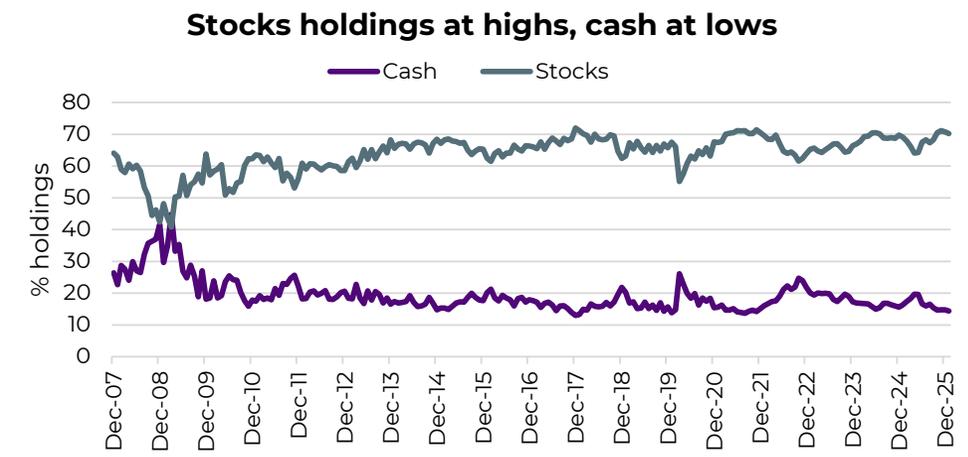
Purpose	Active	Balanced	Current Position	Baseline
Cash			6.8%	2%
Bonds			30.5%	36%
Equities			55.3%	57%
Diversifiers			7.2%	5%



Source: Bloomberg, Purpose Investments

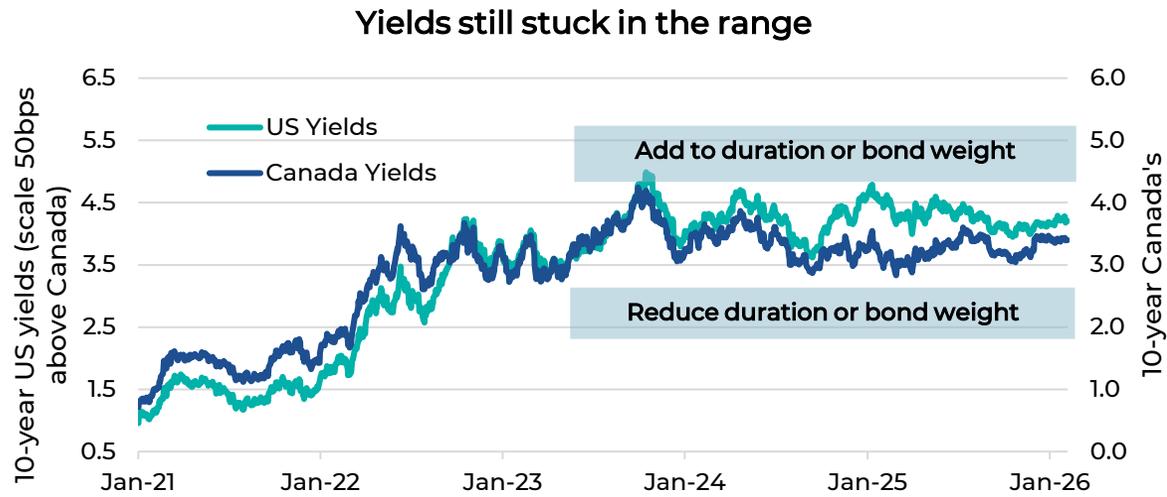


Source: Bloomberg, International is MSCI EAFE, Purpose Investments



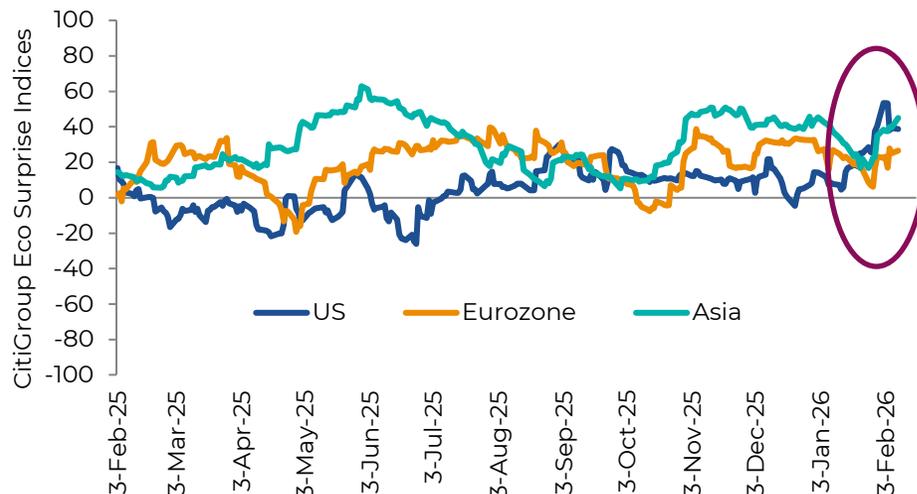
Source: Bloomberg, AAIL, Purpose Investments

IV. Why mild underweight equities & bonds, overweight cash & diversifiers



Source: Bloomberg, Purpose Investments

The economic data has been picking up



Source: Bloomberg, Citigroup, Purpose Investments

Purpose	Active	Balanced	Current Position	Baseline
Cash			6.8%	2%
Bonds			30.5%	36%
Equities			55.3%	57%
Diversifiers			7.2%	5%

Bonds

- TL – Bonds are a more meaningful underweight. Yields remain rangebound and credit spreads are historically low. At this point we believe the risk of breaking out of this range is higher to the upside than downside (higher yields, not lower).
- BL- Economic momentum has been trending higher.
- Credit is less exciting. While spreads blew out slightly last year during tariff show, they are right back near historical lows. Economy is fine currently, so low spreads likely justified. Just don't see how they can narrow any further.

Cash & Diversifiers

- Overweight both cash and diversifiers to enable us to be more tactical should a second period of market weakness develop.



V. Why partial hedged USD

Canadian Dollar - back to middle of range



Source: Bloomberg, Purpose Investments

USD is still on the expensive side



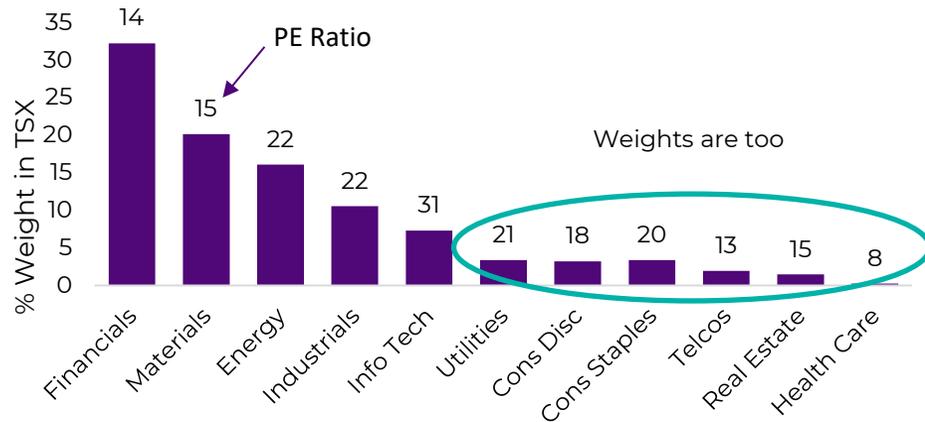
Source: Bloomberg, Purpose Investments,

Purpose Active Balanced	Hedged
% of US Equity	55%
% of US Fixed Income	58%

- Love it or hate it the USD, especially vs CAD, is a safe haven currency for portfolios. Generally this has us not wanting to hedge. However with less Fed independence and some erosion of U.S. exceptionalism, this may not be as strong a characteristic.
- Top – CAD is back into the middle of its recent range, as the USD has weakened of late. Hedging has certainly helped. The CAD would have to appreciate more before we would start entertaining reducing this hedge.
- Could see some additional weakness in CAD if USMCA negotiations go poorly.
- Bottom – Overall though, the USD is still expensive against its trade weighted peers and the CAD. This supports our mild bearish vs on USD, even against the CAD.

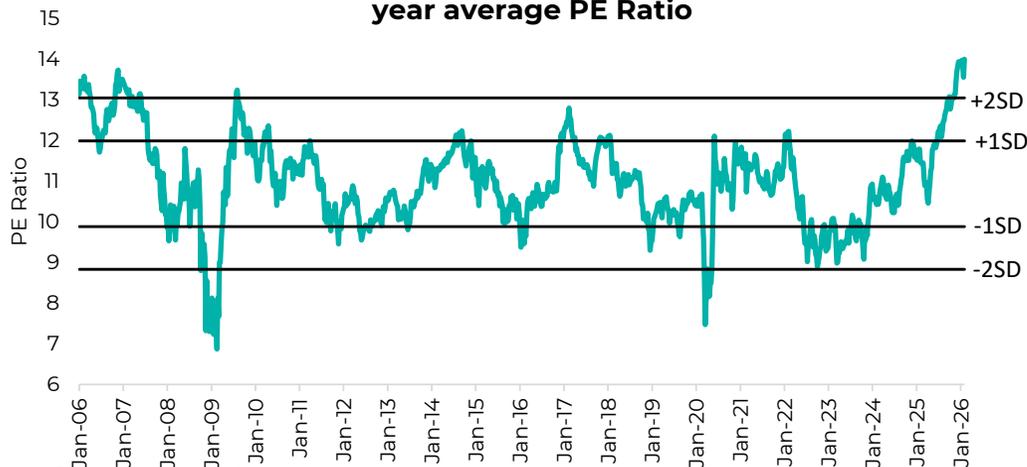
VI. Why equity exposure is: 1) underweight Canada

What could drive TSX in 2026?



Source: Bloomberg, Purpose Investments

Canadian banks now over +2 standard deviations above 20 year average PE Ratio

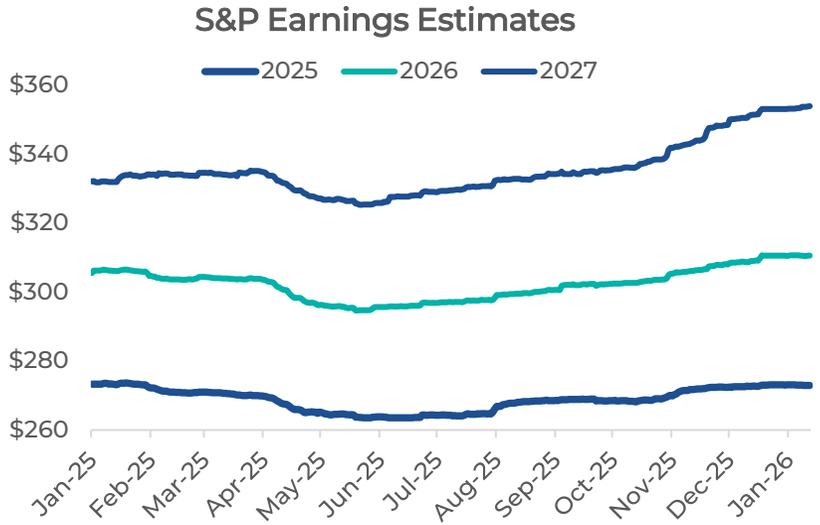


Source: Bloomberg, Purpose Investments

Purpose	Active	Balanced	Current Position	Baseline
Canada			29%	35%
United States			28%	30%
International			42%	35%

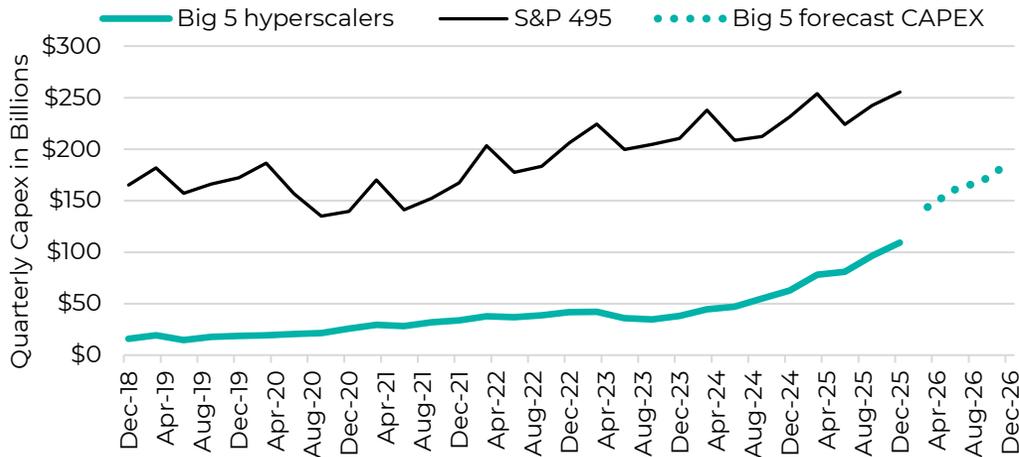
- **We have an underweight in Canada after taking profits late last year on strong gains. Canada has some really great long-term prospects from an equity market perspective, this is more of a shorter-term tactical shift.**
- Financials and materials drove performance in 2025. Could gold continue to drive the materials sector? Maybe but could also reverse quickly. The recent gyrations certainly support this view. Meanwhile banks are trading very expensive after their 2025 run. This does make it hard to see where returns could be sourced in 2026.
- Six sectors have such small weights they really don't matter from an overall index performance perspective. Info Tech has been beaten down from 43x to 31x on the software selloff, still expensive. So that leaves Energy and Industrials, which we are more constructive on, which have both performed so far in '26. However we do believe there could be a pullback in these sectors in the coming months to offer a better entry.
- Energy – the biggest headwind for energy is the global supply glut which may garner more headlines in Q1 which is historically a weak period for global demand.
- Industrials – USMCA renegotiations may create a dip which would make the sector more attractive.
- While underweight, at 29% it is still a healthy Canadian equity weight.

VII. Why equity exposure is: 2) equal weight US



Source: Bloomberg, Purpose Investments

Capex boom is very market & economic friendly



Source: Bloomberg, Purpose Investments, Hyperscalers include AMZN, MSFT, GOOGL, META & ORCL

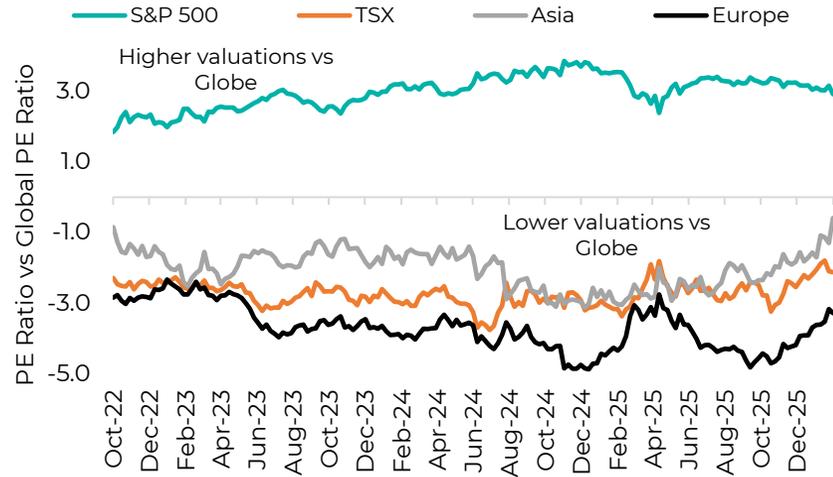
Purpose	Active	Balanced	Current Position	Baseline
Canada			29%	35%
United States			28%	30%
International			42%	35%

- We are roughly equal weight U.S., which is less than many peers. Again, don't care about peers but worth noting.
- U.S. is trading around 22x forward estimates, which isn't too crazy. Although that has proven to be the valuation ceiling on a number of occasions going back many years. This does have the U.S. trading at premium vs other markets, not anything new.
- Top – Earnings estimates have been steadily revised higher since the summer, putting S&P back into low double digit earnings growth. That does help a bit with the high valuation as we expect returns to be more earnings growth driven as multiple expansion from here is a stretch.
- Bottom – Capex spending around AI infrastructure is a boon for U.S. corporate earnings, for now. And these capex number keep rising, a month ago it was \$150B forecast for Q4 2026, now its \$187B. This kind of unbridled spending does continue to support earnings growth for S&P even as consumer softens a bit.
- We are pretty neutral on U.S. equities and believe there is more upside elsewhere, on both an absolute and risk-adjusted basis. Any stumble in AI would have broad and material ramifications given weights of the megacap tech names.



VIII. Why equity exposure is: 3) overweight International

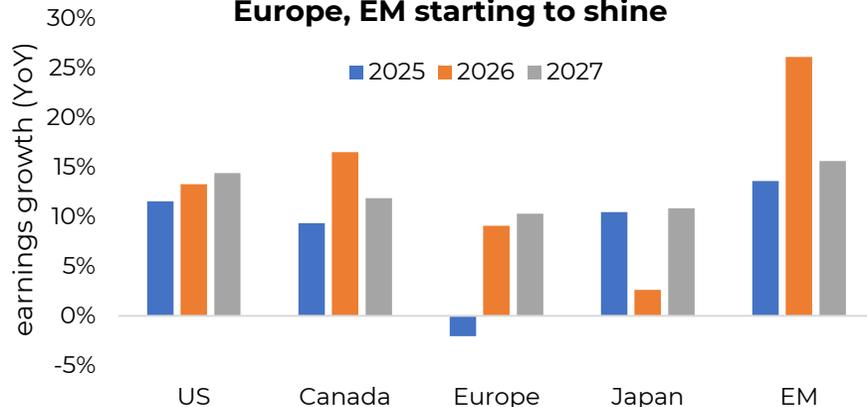
PE Ratios compared to the PE Ratio of the globe



Purpose	Active	Balanced	Current Position	Baseline
Canada			29%	35%
United States			28%	30%
International			42%	35%

- Top – Over the past year the valuation discount for international has certainly narrowed, for the pleasant reason stock prices have risen faster than earnings growth. Still pretty deep value in Europe.
- Developed Asian markets, mainly driven by Japan, has seen their valuations rise. It does appear Japan is being rerated (finally) and we do believe they deserve a higher valuation. Might be a bit fast, Nikkei is up 12% year-to-date.
- BL – 2026 earnings growth is expected to really shine in Canada, Europe and EM, especially relative to 2025. We would note much of Canada's earnings growth is coming from gold, it is real but market won't overpay for cyclical earnings. Overall, earnings growth in 2026 does appear to be improved on the international side of things.

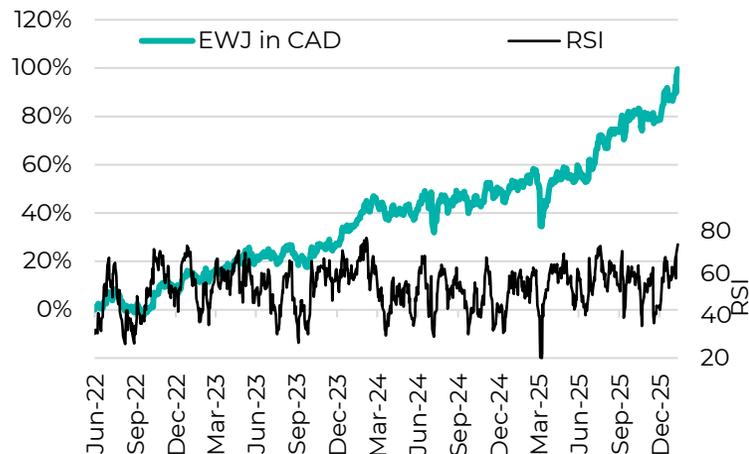
U.S. still leader in EPS growth but Canada, Europe, EM starting to shine



Source: Bloomberg, Purpose Investments, local currency except for Emerging Markets is USD

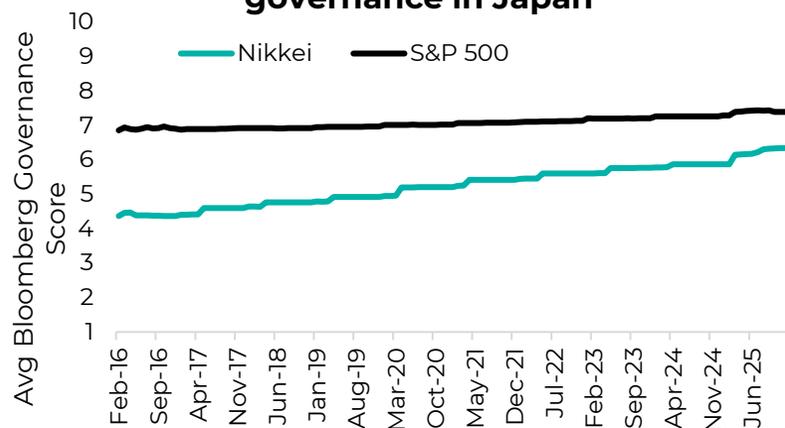
IX. Why overweight Japan

Japan is overbought, rationale gut check time



Source: Bloomberg, Purpose Investments

Steadily improving corporate governance in Japan



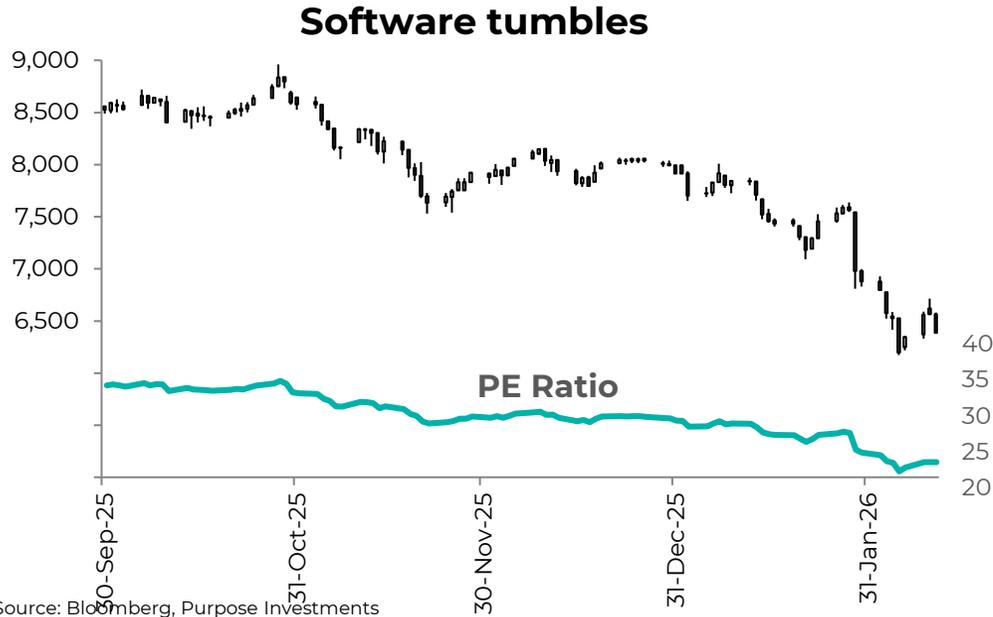
Source: Bloomberg, Purpose Investments

Purpose Active Balanced	Current Position	Baseline
Japan (EWJ)	2.4%	0%

- We increased our exposure to Japan in the summer of 2022 via EWJ. The original rationale, based on our journal (like a diary for portfolio managers), was as follows:
 1. International holdings have some Japan exposure but not enough for our liking. EWJ increased Japan exposure.
 2. The yen had been crushed, falling from 110 to 140. That makes their market cheaper & exporters advantaged.
 3. China and other Asian economies were coming out of COVID and we viewed Japan as a safer way to play this theme vs direct EM exposure (note – we became bullish on EM in '24).
 4. Regulator change was starting to gain momentum that was more shareholder friendly.
- It has worked out well, on a currency adjusted total return basis, EWJ has risen about the same as the S&P 500, the leading market during this period (about +21% annualized). With an improved political landscape, the Japanese equity market is leading markets this year, up +12% YTD.
- Given that strong rise, we constantly revisit our rationales and here is our current thinking and a look at the original rationale too
 1. Well, the yen got even cheaper as it sits 150-160 these days. Which is still supportive for owning. On the downside, much of the move over the past year has been multiple expansion and its expensive from a PE perspective.
 2. Regulatory change is slow but it is gaining momentum. Companies are gradually improving their governance as it pertains to shareholders. This is also evident in rising dividends as the EWJ has gone from a yield of 1.5% a decade ago to over 4% today. This is helping re-rating the market.
 3. Diversifier and under-owned: The Japanese equity market including currency exposure does provide a good diversifier with a much lower correlation than U.S. equities vs the TSX. We also believe most global investors remain light on Japan exposure, making this still a bit of a contrarian play.
- The strong gains of late have us cooling our enthusiasm, but still remaining long.

X. Why tactical trade in software

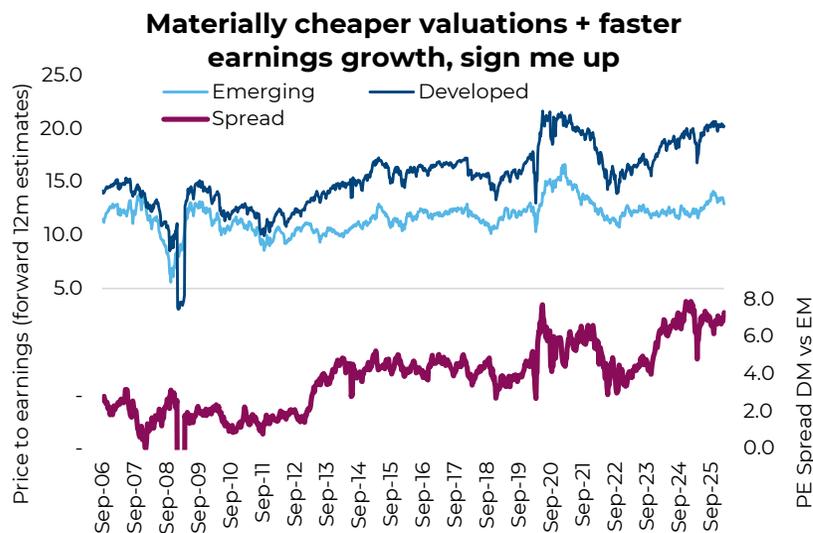
Purpose Active Balanced	Current Position	Baseline
Software ETF (IGV)	2%	0%



Source: Bloomberg, Purpose Investments

- The software sector has been hammered on concerns AI is going to disrupt many of the business models. Compounding the impact was the nosebleed valuations at the start of the sell-off. We are talking a 20-25% drawdown (albeit from elevated levels) with a valuation contraction from 35x to 23x. Believe this is overdone. The longer-term risks are real but the speed of the drop is assuming too much disruption in the near term.
- Valuations are not cheap at 23x, as there was a time long ago software traded 12-14x. However, 23x is roughly the overall market multiple for a much higher growth part of the market. Even if that growth tempers somewhat, this does look like a good short term overreaction.
- We believe this is somewhat of a Deepseek moment for software. If you recall Deepseek news of a much cheaper to train LLM sent many AI companies lower for a few weeks. As the excitement faded, shares recovered. This may play out in similar fashion for the software names.
- Longer term there are bigger risks so this is more of a shorter term tactical move on what we believe to be an overreaction.

XI. Why overweight emerging markets

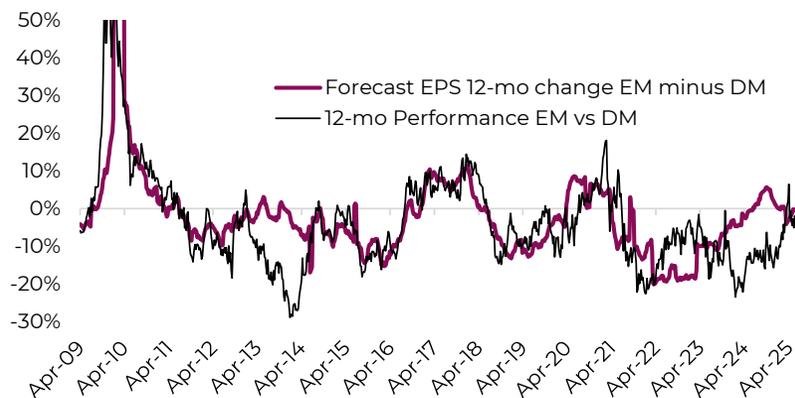


Source: Bloomberg, Purpose Investments

Purpose	Active	Balanced	Current Position	Baseline
Emerging Markets			9.6%	5%
Developed Markets			90.4%	95%

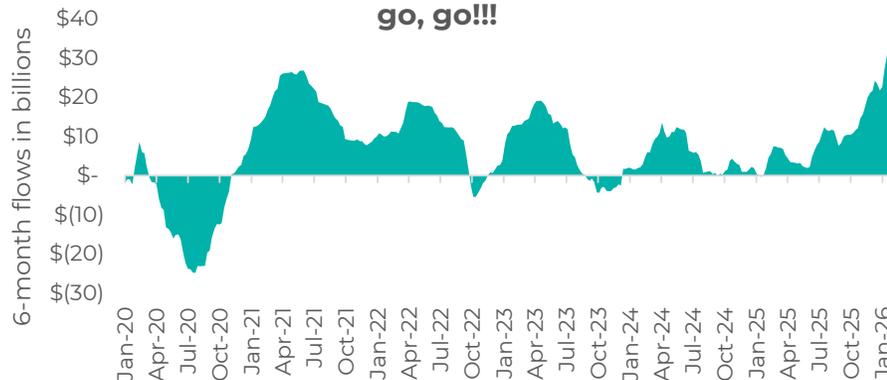
- We initially became more positive on emerging markets in May '24, with adding to exposure in Sep '25. While risks remain, including trade war / tariff impacts and ongoing economic issues in China, there are a number of positive factors that help assuage the risks.
- TL – The valuation gap between emerging and developed markets remains historically high, almost 7 points even after a strong year of EM performance in '25. This provides a great buffer.
- BL – Cheap valuations isn't new but add higher relative earnings growth between EM vs DM, this historically correlates well with relative performance. EM earnings growth has been accelerating and is now growing much faster than DM.
- BR – Flows are accelerating, big time. Given limited exposure globally, this flow trend could continue for some time.
- All together, still risks and this is a more volatile asset class, but we're comfortable with larger allocation.

EM earnings growth accelerating faster than DM



Source: Bloomberg, Purpose Investments

Flows have increased more since last month....go, go, go!!!

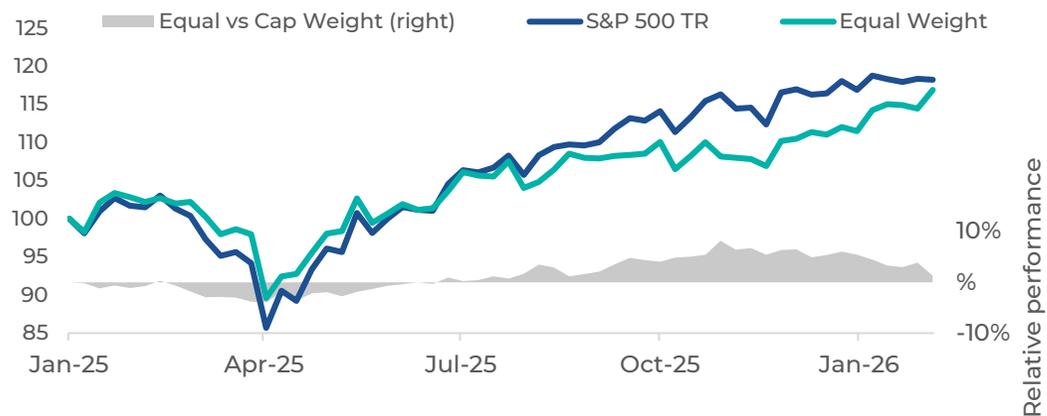


Source: Bloomberg, Purpose Investments, 5 of the larger US listed Emerging Market equity ETFs (IEMG, VWOW, EEM, SPEM, EMXC) constant pricing



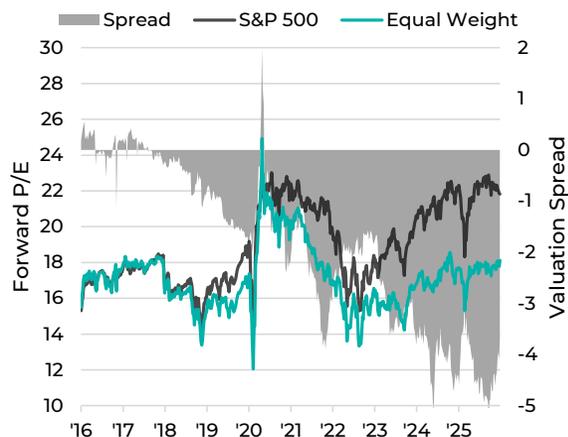
XII. Why equal & market cap weight U.S. equity exposure

Equal weight - don't jinx it, starting to work



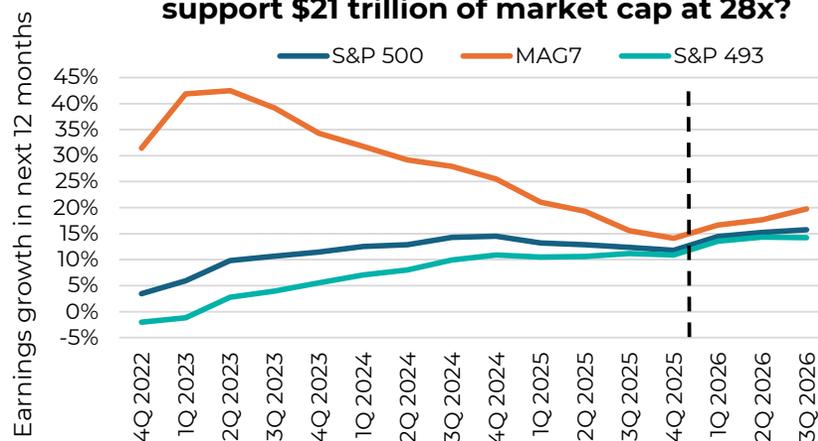
Source: Bloomberg, Purpose Investments

Valuation gap still strongly favours equal weight



Source: Bloomberg, Purpose Investments

MAG7 growing faster but is that enough to support \$21 trillion of market cap at 28x?



Source: Bloomberg, Purpose Investments

Purpose	Active	Balanced	Current Position	Baseline
US Equities			28%	30%
	Equal Weight		9%	
	Market Cap Weight		2%	
	Indirect		17%	

- We are roughly market weight for U.S. but have a more defensive tilt, using more equal weight exposure. This is complimented with a small market cap weight position and indirect exposure via manager positions in U.S. equities. These positions do have a decent amount of large cap tech names.
- This equal weight still has not performed well last year but is starting to work.
- Top – Even earlier in 2025 equal weight did show its more defensive characteristics, which is why we have this tilt. And it is starting to work again.
- BL – Valuations gap between cap weight and equal weight is back to pretty high levels.
- BR – Given slowing earnings among the megacaps compared to the S&P 493, we are surprised equal weight hasn't narrowed the performance gap.
- We are being more patient with this tilt, it is defensive motivated.

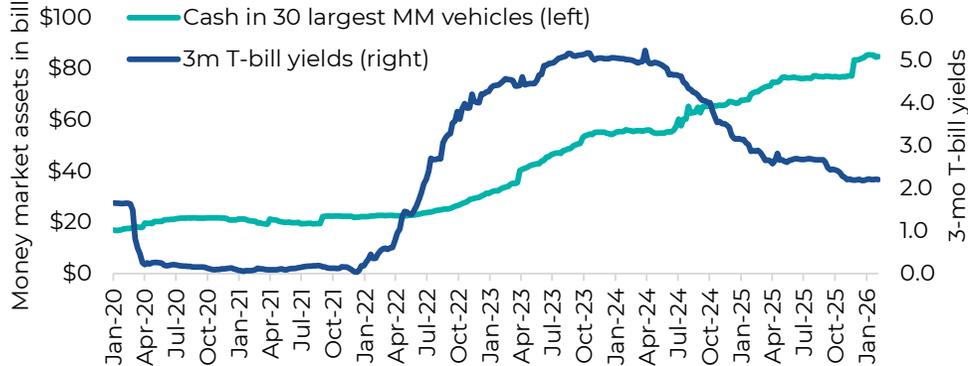


XIII. Why dividends are awesome

Tsunami of Cash - Where will it go?

\$84B parked in the 30 largest cash vehicles in Canada.

With yields moving lower at what point does this money look for yield beyond cash? or does it?

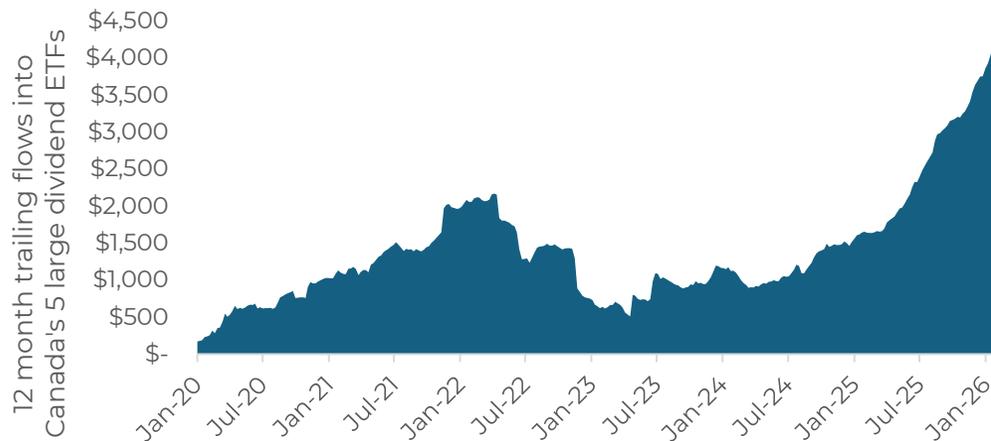


Source: Bloomberg, Purpose Investments, sample of largest 30 money market funds & ETFs & HISAs

Over 1/3 of equity allocation are dividend focused strategies

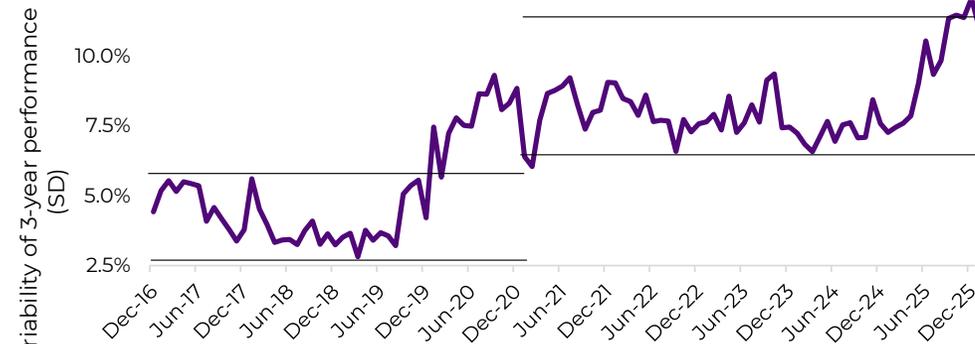
- TL- Cash vehicles, HISAs, money market funds, hoovered up cash in 2022 and 2023. Now with short yields coming down making cash less attractive, and inflows flatlined. Yet there was just a recent jump higher, perhaps investor defensiveness? We do think cash has become less compelling and dividend factor is likely a beneficiary.
- BL - This chart is crazy!!! Every month when updating this chart, it just keeps going up. Money is moving into the dividend space.
- BR - Yields simply went down for much of past 20+ years, this caused most dividend strategies to have closely clustered performance. Now that yields are normal, other factors are increasingly driving performance causing greater disparity in performance among dividend strategies.
- Look for better diversified strategies, that are more active given other variables beyond just yield appear to be driving performance.

The dividend winter is over and it's getting hot!!



Source: Bloomberg, Purpose Investments, 5 of the larger Canadian dividend ETFs (VDY, XDIV, XEI, XDV, CDZ), constant pricing

Changing yield world is leading to greater divergence among dividend strategies

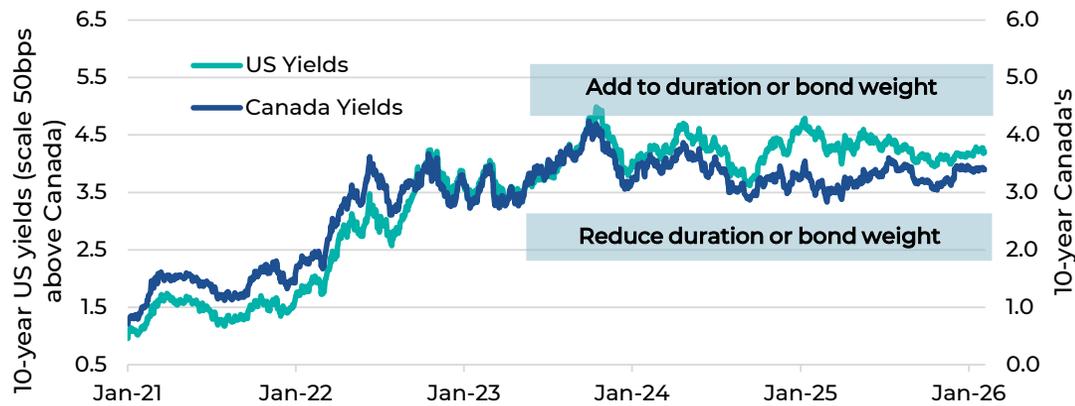


Source: Bloomberg, Purpose Investments
Index is based on variance of performance among a selection of 20 of the largest ETF & Funds with a dividend focus



XIV. Why duration of 4.6

Yields still stuck in the range



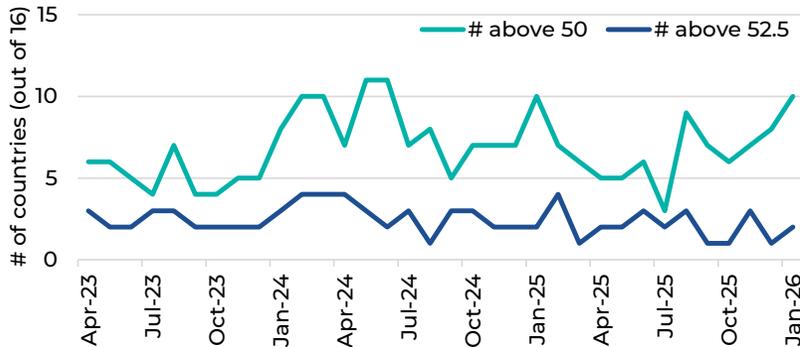
Source: Bloomberg, Purpose Investments

Purpose Active Balanced	Current Position	Baseline
Duration	4.6	5.0

- We believe the current market, with higher inflation and yields than years past, is more challenging for the bond portion of portfolio. While still the cornerstone of defense, a more active duration management is needed.
- TL - We are underweight bonds and reduced duration last September as bond yields have come down. Credit quality is high, with a good allocation to government and investment grade.
- BL – We have seen an uptick in economic activity on the manufacturing side. Things could be heating up a bit but many moving parts.
- BR – Inflation trends continue to show cooling. US could see an uptick on weaker USD, tariffs, tighter labour. But lower oil does help. We do believe greater risk for inflation to heat up than to cool much more.

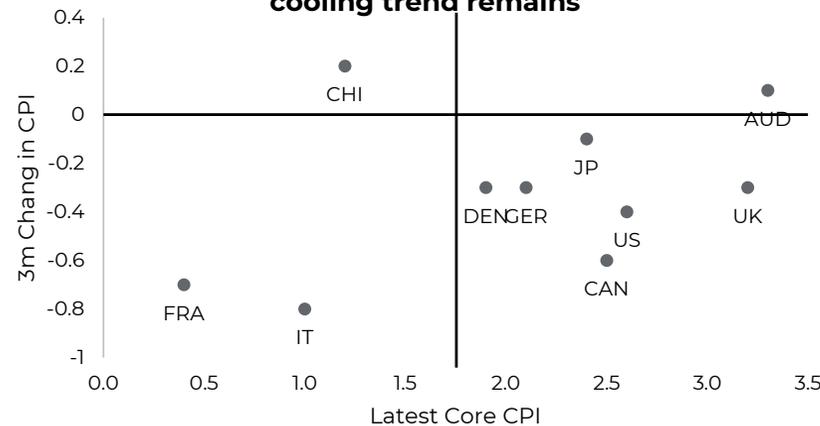
Manufacturing surveys are picking up

A reading above 50 implies manufacturing activity is expected to increase next month



Source: Bloomberg, Purpose Investments

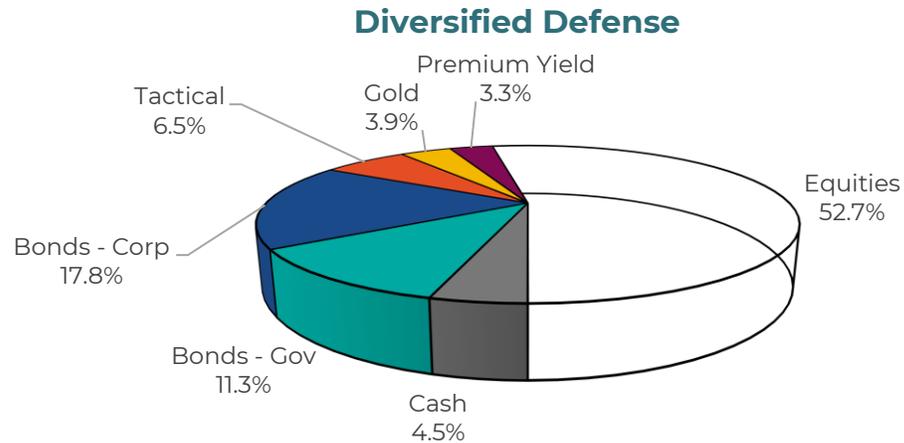
CPI still rather elevated in most locations, cooling trend remains



Source: Bloomberg, Purpose Investments

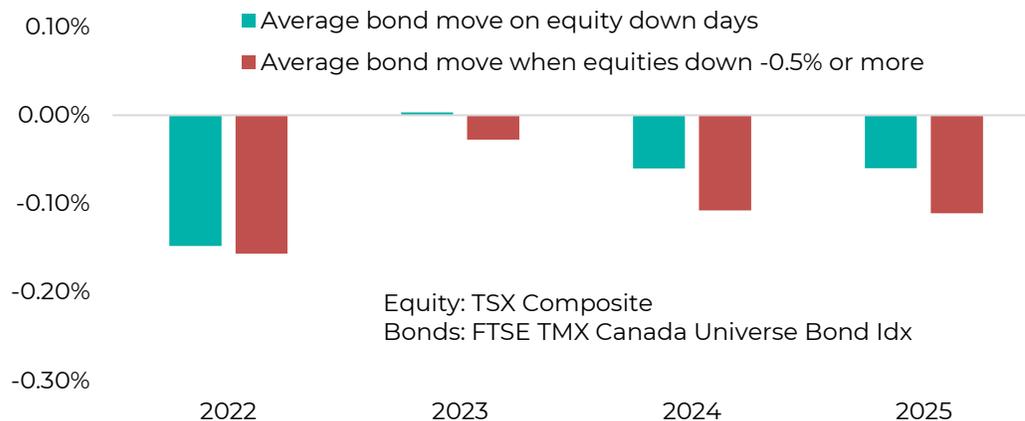


XV. Why diversifying defense



Source: Purpose Investments PABF Allocations 9 Feb 2026

Bonds, much better than 2022 but still not a great portfolio stabilizer



Source: Bloomberg, Purpose Investments

Purpose Active Balanced	% of Portfolio
Bond positions	31%
Cash	7%
Tactical	6.5%
Premium Yield	3.5%
Gold	4%

- Every correction is different, speed, magnitude, duration and the cause. The last 3 have been caused by an exogenous shock from Covid (2020), Inflation (2022) and policy (2025).
- With more unique corrections rising in frequency, having a more diversified defensive has become more important.
- TL – We diversify our bond allocation (core defense best against economic slowdowns) with other strategies including momentum (tactical), real assets (gold) yield harvesting (premium yield) and of course cash.
- BR – Bonds are not broken, in fact they now carry a higher performance contribution than years past. But, the defensive reflexivity characteristic has been diminished in this higher inflationary environment. Use them, but also diversify your defense.

