

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 November 2025

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.

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 – steady

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 over weight emerging markets

X. Why US Equal Weight & Cap Weight

XI. Why dividends are awesome

Bonds

XII. Why duration of around 4.7

Diversifiers

XIII. Why diversifying defense

Active Asset Allocation Strategic Positioning

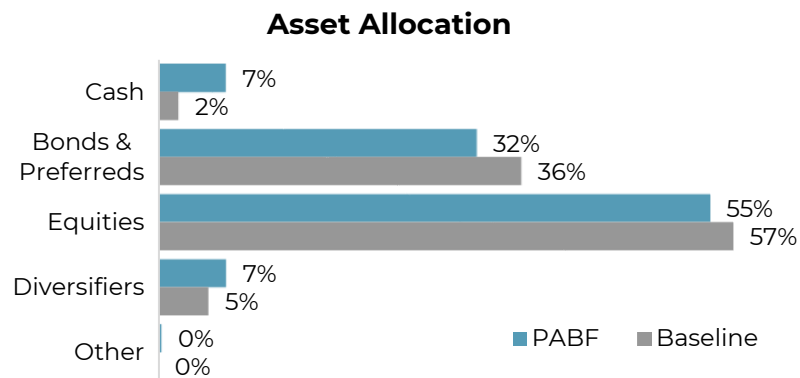
House View		Underweight	Neutral	Overweight	
Overall	Equity		•		
	Bonds		•		
	Cash			•	
	Diversifiers			•	
Equities	Canada	•			
	U.S.		•		
	International				•
	Emerging Markets			•	
	Style Allocation (Value <----> Growth)		•		
	Size (Small <----> Large cap)			•	
Fixed Income	Duration (Low <----> High)		•		
	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

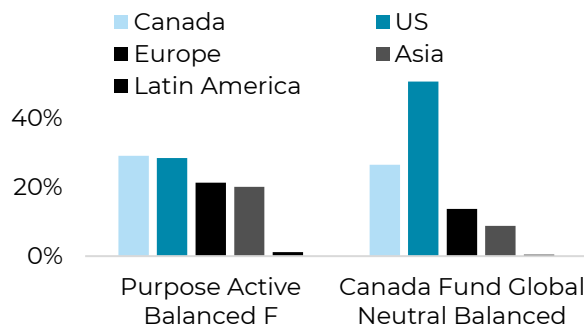
Purpose Active Suite – Why Report in Action

	Holding	Ticker	Weight
Cash	CAD Cash	Cad Cash	0.0%
	Purpose Cash Management ETF	MNY	4.6%
	Purpose USD Cash Management ETF	MNU.U	0.3%
Fixed Income	BMO Aggregate Bond ETF	ZAG	4.7%
	iShares Core Canadian Short Term Bd ETF	XSB	7.8%
	iShares Core Canadian Corporate Bd ETF	XCB	6.2%
	Mackenzie Unconstrained Bond ETF	MUB	3.9%
	Purpose Global Bond ETF	BND	4.1%
	BMO MT US IG Corp Bd Hdgd to CAD ETF	ZMU	3.7%
	Purpose Tactical Asset Allocation ETF	RTA	6.6%
Balanced	BMO S&P/TSX Capped Composite ETF	ZCN	5.0%
	Purpose Core Equity Income ETF	RDE	12.3%
	Invesco S&P 500 Equal Weight ETF CAD H	EQLF	8.7%
	SPDR® S&P 500 ETF	SPY	2.1%
	Purpose International Dividend ETF	PID	5.3%
North American Equity	iShares Core MSCI EAFE ETF	IEFA	5.5%
	iShares MSCI Japan ETF	EWJ	2.3%
	iShares MSCI EAFE Min Vol Factor ETF	EFAV	5.0%
	Vanguard FTSE Emerging Mkts All Cap ETF	VEE	3.3%
	Invesco S&P Emerging Markets Low Vol ETF	EELV	2.0%
International Equity	Purpose Gold Bullion	KILO	3.2%
	Purpose Premium Yield ETF	PYF	3.5%

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

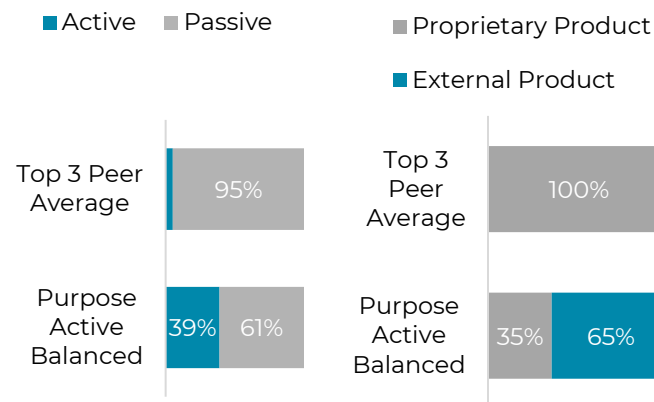


Not your average Balanced Portfolio



Source: Purpose Investments, Morningstar, as of November 11, 2025, Equity Exposure

Active Where it matters, Objective Throughout



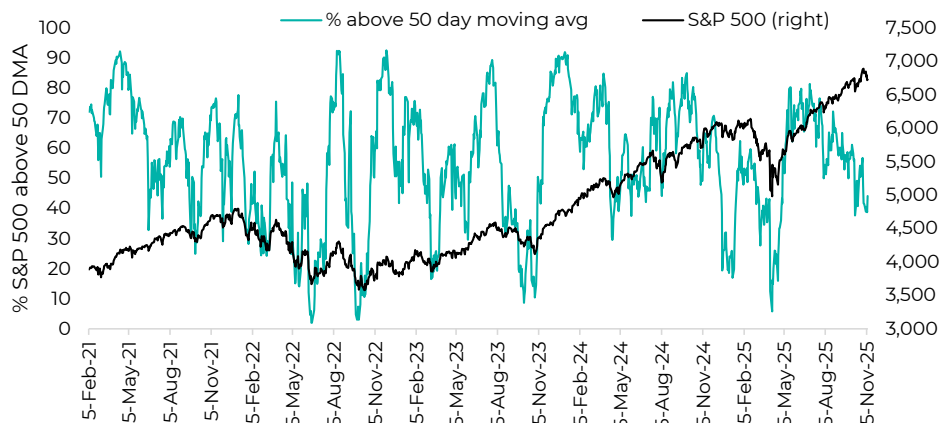
Source: Purpose Investments, Morningstar, as of Most Recent Portfolio Date, For illustrative purposes only. Peer data based on publicly available information. Investment strategies, fees, and objectives may differ.

- 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 – Exposure goes beyond traditional stocks and bonds, with added diversifiers to improve portfolio resilience across market cycles. These allocations are active, well-thought-out tilts based on the outlook.
- TR – These active tilts have our multi-asset portfolio looking very differently from peers in the category. Most notably, our meaningfully reduced exposure to US equities compared to most solutions in the category.
- BR - 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.
- The Why Report provides insight into the current positioning and active tilts within the Purpose Active Portfolios.

I. Top of Mind

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

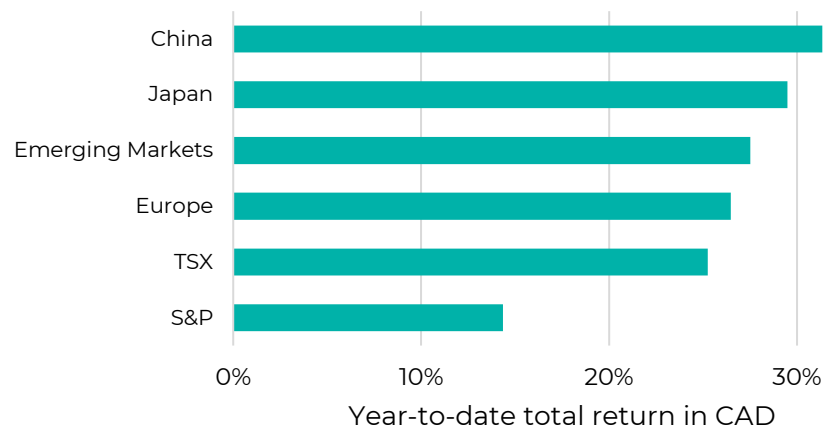
Market breadth - this advance has increasingly become fragile



Source: Bloomberg, Purpose Investments

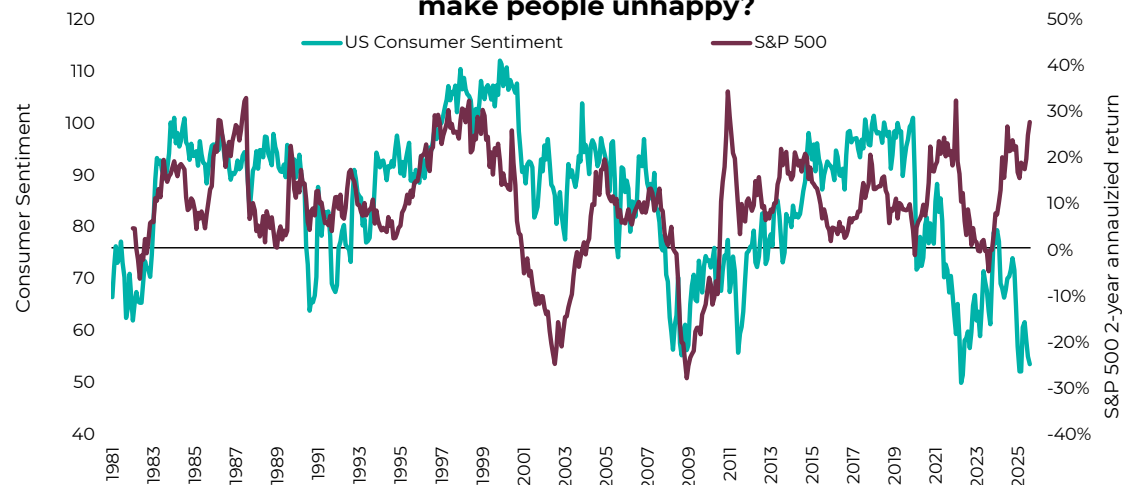
- TL – This is an AI driven market, both ways. This has led to a market advance on a very low breadth. Sustainable only if AI continues to deliver stock market excitement....or if the broader market catches up. Currently, this is a sign of fragility in this bull advance.
- BL – But more encouraging is the breadth of this advance globally. Markets outside the U.S. are flying this year. Improving earnings growth is helping close the relative valuation gap between markets.
- BR – This is evidence of the K shaped economy. If you own assets, probably pretty happy. But most don't own enough to offset the impact of inflation. As a result we have a higher market with falling consumer confidence. Historically these correlate well directionally, again evidence this market advance is somewhat fragile.

What a year!!



Source: Bloomberg, Purpose Investments 10 Nov 2025

Sentiment so bad, markets so high - when did making money make people unhappy?



Source: Bloomberg, Purpose Investments

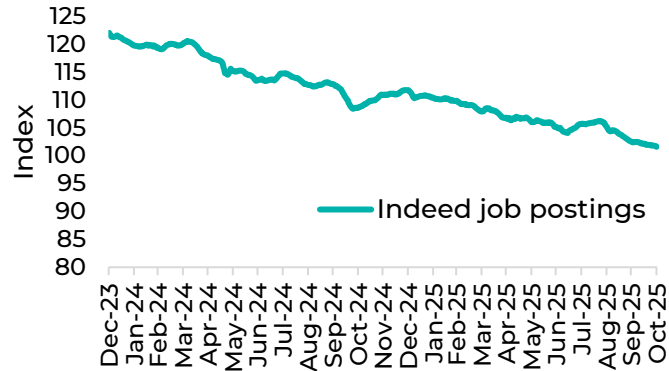
II. Fast Hard Data

Chart Referencing:

TL = Top Left, TR = Top Right

BL = Bottom Left, BR = Bottom Right

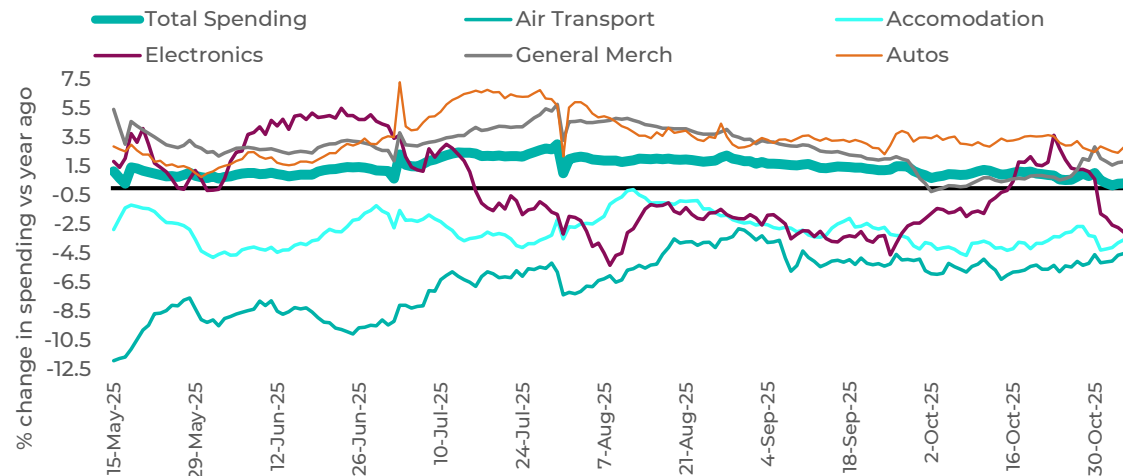
Job postings continue to move lower



Source: Bloomberg, Purpose Investments

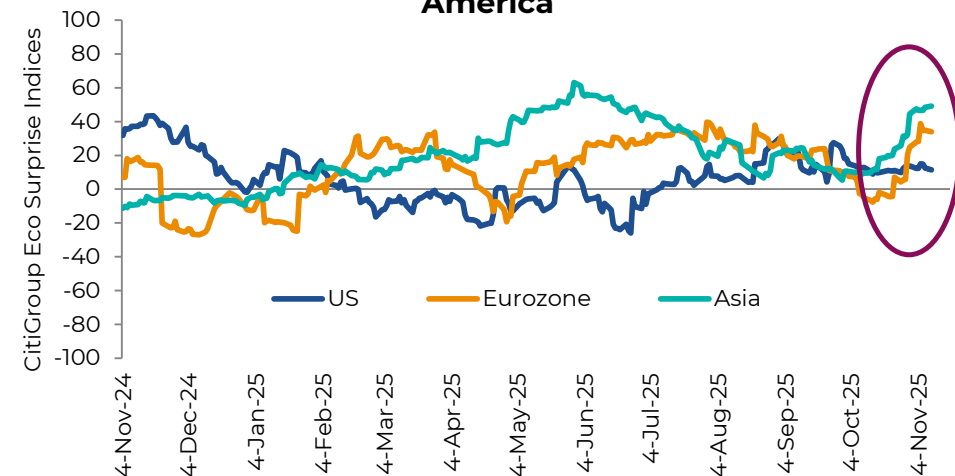
- TL – We normally have initial jobless claims here but with US government shutdown, no data available. Not as insightful, as we are looking for deterioration in the labour market, is the Indeed job postings. The trend is certainly to the downside for US job availability. Hopefully the government workers will be back soon, providing us with some better data or will they return with bad data, find out soon!!
- BL – Based on debit/credit transactions, consumer spending has almost stalled. Worse is at the category level. More discretionary travel, home furnishing, personal care, accommodation, building materials and electronics are very weak. Strength is in nonstore retailers, motor vehicles/parts, general merchandise, gasoline and beverages. More essential spending categories.
- BR – This is the Citigroup economic surprise indices, US is ok with limited data due to shutdown. More impressive is the global economies.
- Overall, no alarm bells but softening trend after strength in the summer months.

US Consumer spending flatlining



Source: Bloomberg, Purpose Investments

The economy is doing well, notably outside North America



Source: Bloomberg, Citigroup, Purpose Investments

III. Market Cycle – Steady

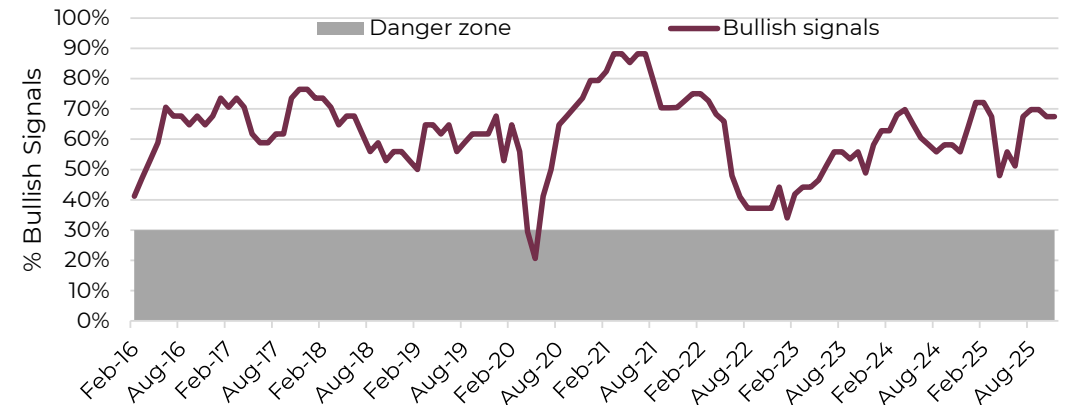
Market cycle indicators							
Grouping	Metric	Better/ Worse		Grouping	Metric	Better/ Worse	
Rates		🐘	🐘	Global Economy		🐘	🐘
	Net Cuts	✓	✓		Global PMI	✓	+
	Yield Curve	✓	✓		Copper (6m)	✓	-
	Yield Curve 3m	✓	✓		DRAM (3m)	✓	+
US Economy		🐘	🐘		Oil (3m)	✓	+
	Leading Ind (3m)	✓	✓		Commodities (3m)	✓	+
	Leading Ind (6m)	✓	✓		Baltic Freight (3m)	✓	-
	Phili Fed Coincident	✓	✓		Kospi (2m)	✓	+
	Credit (3m)	✓	✓		EM (2m)	✓	+
	Recession Prob (NY Fed)	✓	✓	Fundamentals		🐘	🐘
	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	✓	+
					Canada: EPS Growth	✓	+
					Canada: EPS 2FY v 1FY	✓	+
					Canada: 3m EPS Revision	✓	+
					International: PE	✓	-
					Int: EPS Growth	✓	+
					Int: EPS 2FY v 1FY	✓	-
					Int: 3m EPS Revision	✓	-
Manufacturing							
	PMI	✓	✓				
	PMI New Orders	✓	✓				
	Energy Demand (YoY)	✓	✓				
	Truck Demand (YoY)	✓	✓				
	Rail (YoY)	✓	✓				
Housing							
	Starts (1yr)	✓	✓				
	Months Supply (6m)	✓	✓				
	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 remained stable over the past month at a reasonable level.
- U.S. manufacturing has turned more negative, a few signals flipped bearish including energy demand and rail volumes. Outside of this signals remade relatively stable. There are a few indicators that are now stale given the U.S. government shutdown. We considered flipping to alternative sources, but it look like the shutdown is just about over, so just waiting.
- Global signals remain pretty bullish and lots in the '+' sign meaning they are improving.
- Overall, still supportive of a market advance.

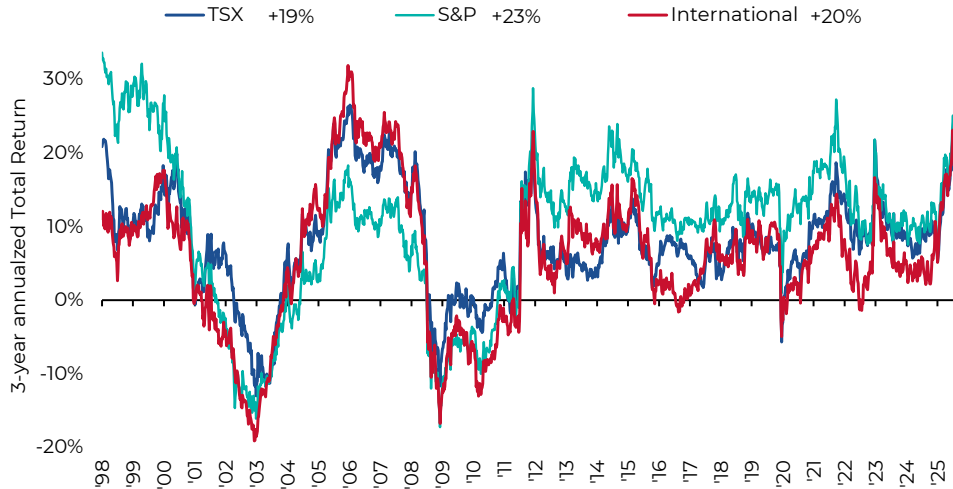
Market cycle indicators - steady



Source: Purpose Investments, Bloomberg

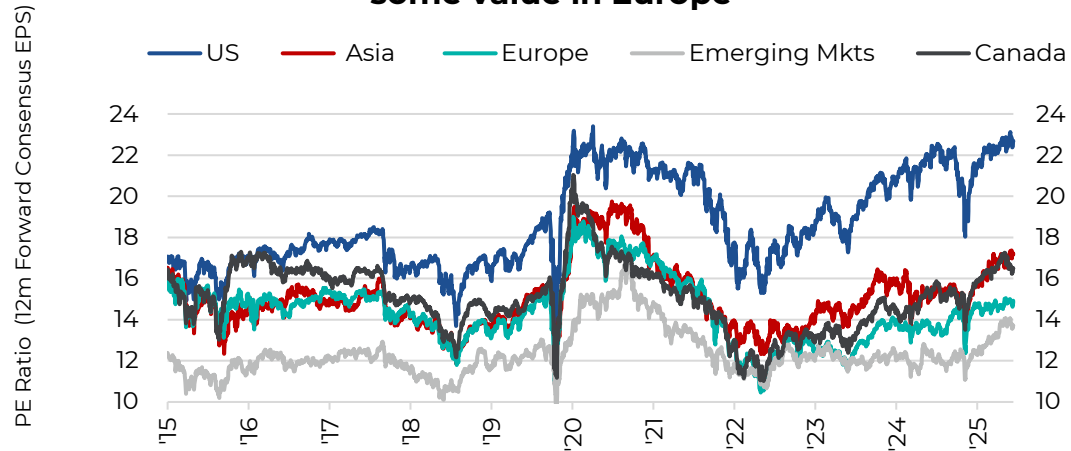
IV. Why mild underweight equities & bonds, overweight cash & diversifiers

What do you do now?



Source: Bloomberg, International is MSCI EAFE, Purpose Investments

Valuations - US & Canada near valuation highs, still some value in Europe



Source: Bloomberg, Purpose Investments

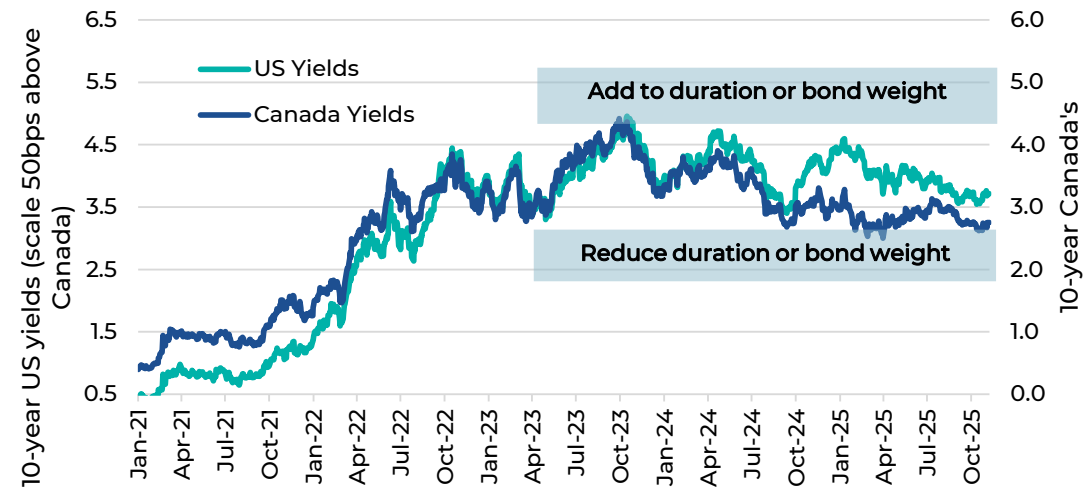
Purpose	Active	Balanced	Current Position	Baseline
Cash			6.7%	2%
Bonds			31.5%	36%
Equities			54.7%	57%
Diversifiers			6.8%	5%

Equities

- Mild underweight in equities
- TL – We are in rare territory that sees Canada, US and International markets all up in and around the 20% level over the past 3-years (annualized). The last time all 3 were over 20% was coming out of the financial crisis off the bottom, not pushing new highs. A lot of good news is certainly priced in.
- Improving economic data over the summer, inflation not accelerating, bond yields moving lower, all helped markets enjoy a great 2025 so far. Hard to say if this will last but we certainly feel more comfortable with a bit of a defensive tilt.
- 22-23x has proven to be a valuation ceiling for the U.S. market a number of times during the past decade plus. And while the TSX is cheaper, it is not longer cheap vs its history. We do wonder paying 16.5x for earnings increasingly coming from gold and other cyclical parts of the market will be sustained.
- Santa Clause rally? While November & December are historically some of the best months for the S&P this year has not been following any seasonal tendencies. Perhaps we get a Santa Clause rally to finish off an already great year, or it is possible Santa already came and delivered gifts very early.
- We dialed down some Canadian exposure in September but added a bit to emerging markets, still mild underweight equity.

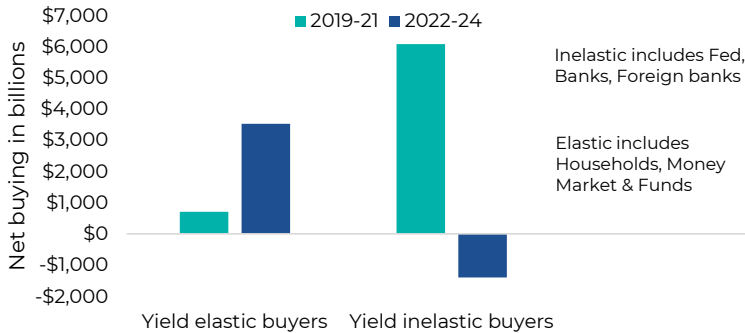
IV. Why mild underweight equities & bonds, overweight cash & diversifiers

Yields rangebound - But at lower end of range



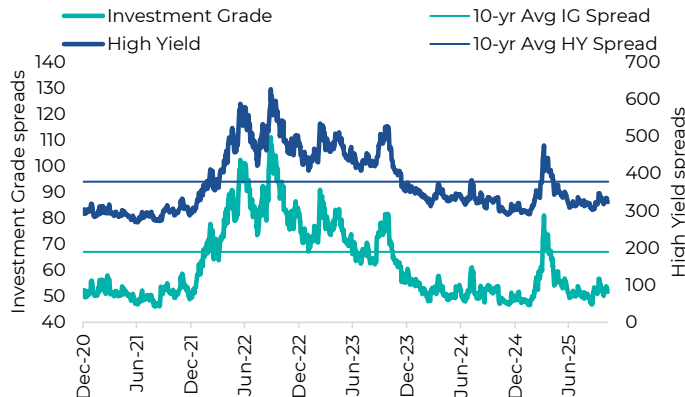
Source: Bloomberg, Purpose Investments

Yield Elastic buyers now dominate Treasury market



Source: Bloomberg, FRED, Purpose Investments

Credit spreads - very low



Source: Bloomberg, Purpose Investments

Purpose	Active	Balanced	Current Position	Baseline
Cash			6.7%	2%
Bonds			31.5%	36%
Equities			54.7%	57%
Diversifiers			6.8%	5%

Bonds

- Remain underweight on bonds, relying more on cash & diversifiers for defense. Bonds are wrestling with a balance of some rising inflation fears (bearish), rising deficit funding concerns (bearish) and slowing economic momentum (bullish).
- Timing is tricky. Does inflation heat up, certainly top of our mind. Or does economy cool beforehand. Good news is bond market now has decent real yields and even some term premium. Still at lower end of range, we are more trimmers of bonds/duration than adders.
- The economy is still the most impactful as can be seen in the recent yield drops on some softer data. Lower yields did have us lower our duration exposure in Canada during September.

- Credit is less exciting. While spreads moved higher in early April, they are right back to pricing in little economic risk.

Cash & Diversifiers

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

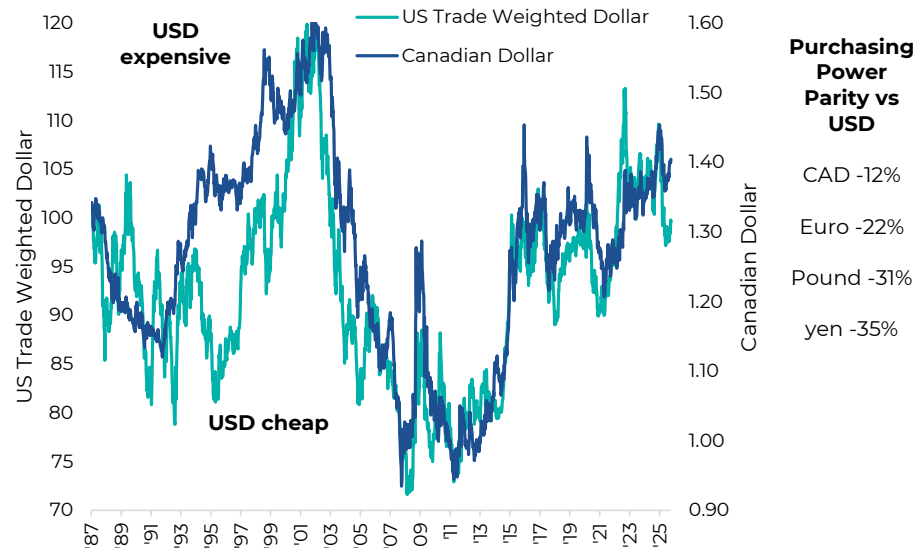
V. Why partial hedged USD

Canadian Dollar - do we hedge more USD?



Source: Bloomberg, Purpose Investments

USD is still on the expensive side



Source: Bloomberg, Purpose Investments, 10 Nov 2025

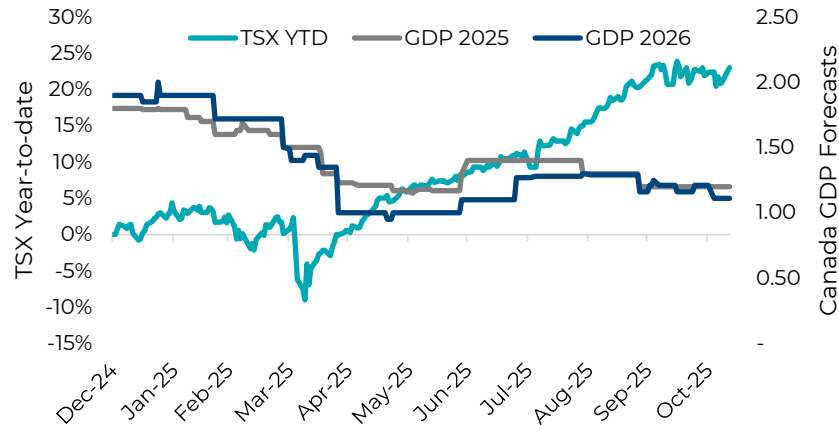
Purpose Active Balanced	Hedged
% of US Equity	55%
% of US Fixed Income	59%

- 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. The exception is when the move is too great and warrants some hedging, such as today.
- Top – CAD is certainly trading closer to the bottom end of its recent range. This does have us wanting to hedge some of our U.S. exposure. We believe this recent USD strength / CAD weakness is a counter trend bounce. Longer term we are mildly bearish USD.
- We are still partially hedged and likely remaining so around these levels. IF the CAD weakens further, we may increase our hedging activity.
- Bottom – Longer term we still view the USD as expensive. And recent policy is eroding some of its safe haven status.



VI. Why equity exposure is: 1) underweight Canada

Slowing economy & rising TSX, tough combo



Source: Bloomberg, Purpose Investments

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

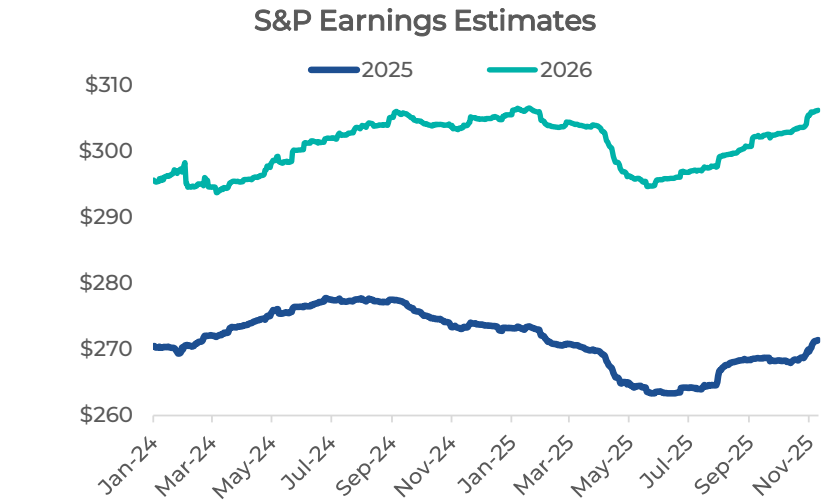


Source: Bloomberg, Purpose Investments

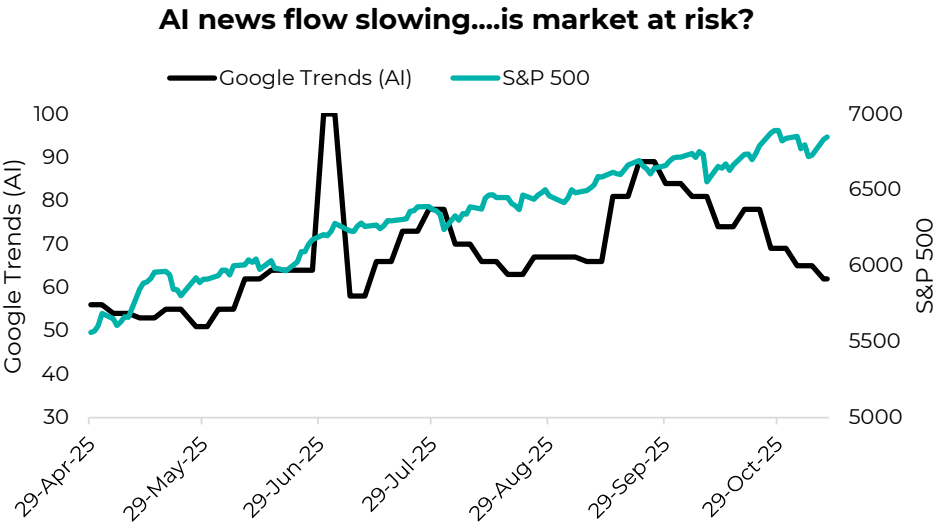
Purpose Active	Balanced	Current Position	Baseline
Canada		29%	35%
United States		28%	30%
International		43%	35%

- **We reduced Canadian equity in early September, cashing in on strong gains year-to-date. Elevated valuations with softening economic data has given us pause.**
- Even though we are an underweight, our baseline is higher than most peers. This greater baseline is a function of after-tax return considerations in which Canadian dividends carry an advantage. So an underweight does have us probably closer to peers, not that we pay much attention to what others are doing but we are aware.
- The TSX has enjoyed a great year, driven by materials (led by golds) and financials (banks). Roughly 2/3rds of the TSX's near 25% year-to-date gain is from these two sectors.
- Top – Golds don't care about the Canadian economy, but banks should. Bank valuations are very high and the economy has slowed. Further multiple expansion will prove challenging.
- TSX valuations at 16.5x is expensive, rarely seeing these levels outside periods when the more cyclical earnings drop materially (drop in earnings can lead to higher multiple).
- One big benefit has been international flows. It would seem, at the margin, flows appear to be going a bit more global, outside the U.S. Canada is getting its fair share of this and given our less liquid market, a few billion dollars can move prices higher. This trend is likely to continue, which is a positive.
- Taken all together – flows are good, valuations are not and a softening economy isn't either. Hence, underweight.

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



Source: Bloomberg, Purpose Investments



Source: Bloomberg, Google, Purpose Investments

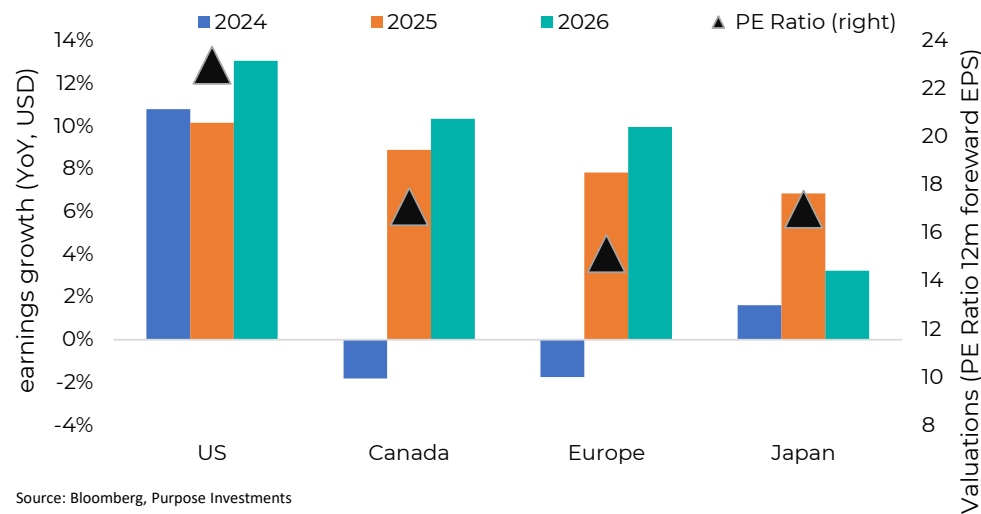
Purpose	Active	Balanced	Current Position	Baseline
Canada			29%	35%
United States			28%	30%
International			43%	35%

- 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 at about 23x 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 fell after tariff announcements earlier this year and have since been recovering. Companies have proven very skilled at managing the impact, and analysts proven wrong have been gradually revising estimates back up. The weaker US dollar has helped as well. In fact 2026 estimates are now back making new all-time highs.
- While very encouraging, we do wonder if the impact is just slower and more gradual, likely becoming noticeable next year. Or is margin pain being masked by the megacaps....more work on this likely in out 2026 outlook.
- Bottom – AI is pretty cool and useful. The challenge during this phase of the bubble is there are few actual numbers. Lots of money being spent, use cases rising, but very light on ROI. Not to worry but that makes news flow around AI important as it helps keep investors wanting more or engaged. And over the past month the news flow has been slowing based on Google Trends.
- We are not negative on U.S. equities, just believe there is more upside elsewhere, on both an absolute and risk-adjusted basis.



VIII. Why equity exposure is: 3) overweight International

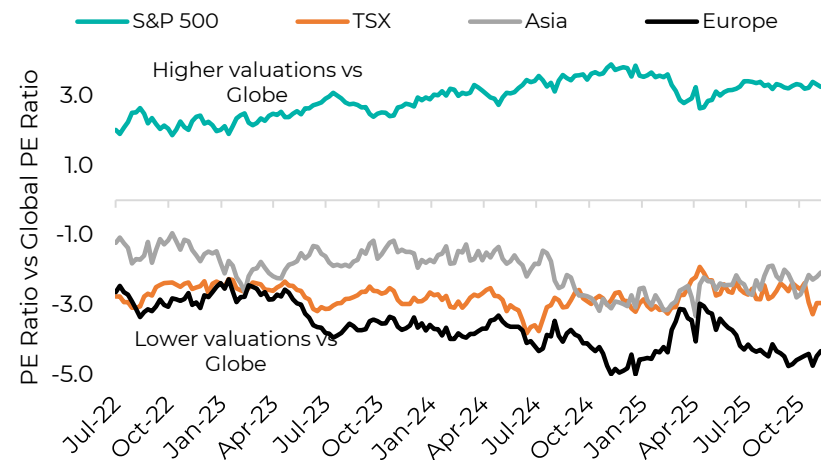
Earnings growth explains so much



Purpose Active Balanced	Current Position	Baseline
Canada	29%	35%
United States	28%	30%
International	43%	35%

- Top – This chart may explain more about markets over the past few years than anything else. In 2024, US was the only market growing earnings and it crushed other markets, feeding a wider and wider valuation spread. In 2025, earnings growth was everywhere, leading to international (& Canada) closing that valuation gap by outperforming the U.S. We don't think that process is over and still prefer international.
- The US outperformed for the past 14 years, for the most part. If this leadership has changed, or is more balanced, good reason to have more international. These countries are sort of fixer uppers, starting to deal with investor unfriendly regulations, increase growth focused fiscal spending, etc.
- Bottom – we don't expect the valuation metrics to match, but do believe that gap will continue to narrow somewhat.

PE Ratios compared to the PE Ratio of the globe

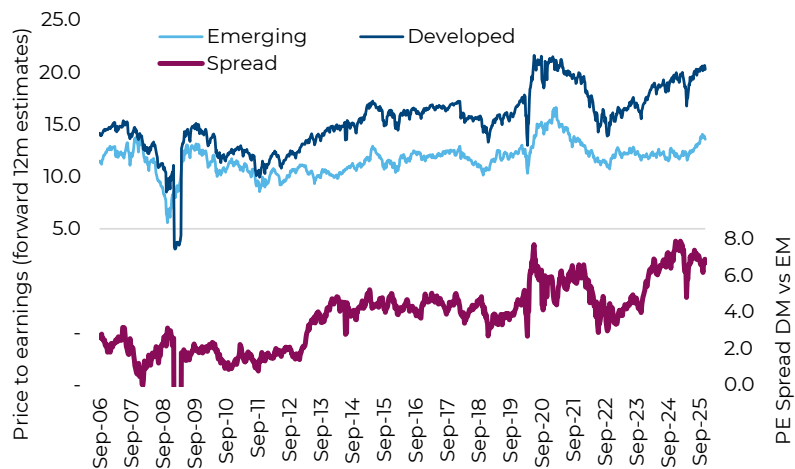


Source: Bloomberg, Purpose Investments



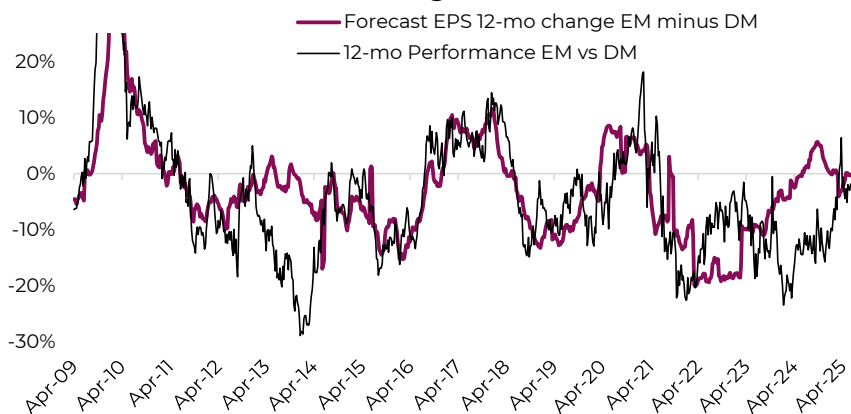
IX. Why overweight emerging markets

Valuation spread lots of narrowing to come



Source: Bloomberg, Purpose Investments

Earnings growth in EM vs DM starting to improve again

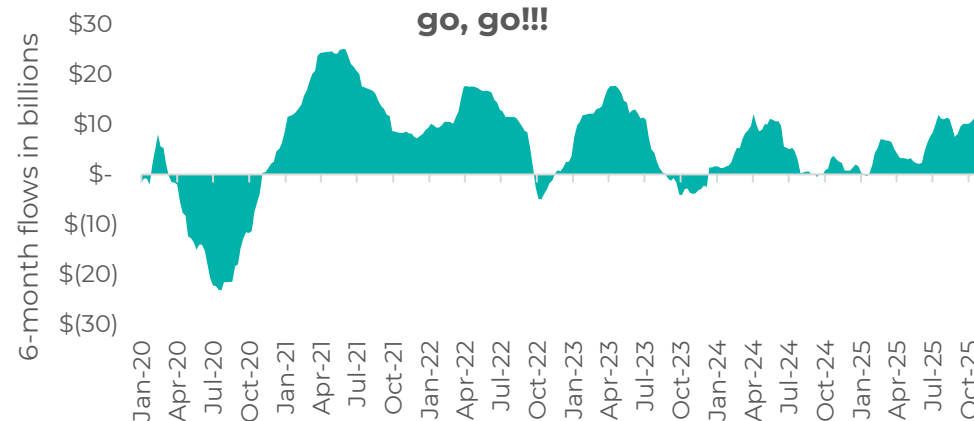


Source: Bloomberg, Purpose Investments

Purpose Active Balanced	Current Position	Baseline
Emerging Markets	9.7%	5%
Developed Markets	90.3%	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 between 6-7 points. This provides a great buffer.
- BL – relative earnings growth between EM vs DM correlates well with relative performance. And EM earnings growth is starting to pick up again vs DM.
- BR – EM went through a decade long winter, nobody wanted to own, investors underweight. Now that is starting to reverse and inflows are accelerating. But still a very under owned asset class.
- All together, still risks and the recent trend in earnings revisions is a concern but more optimistic than years past and we're comfortable with larger allocation.

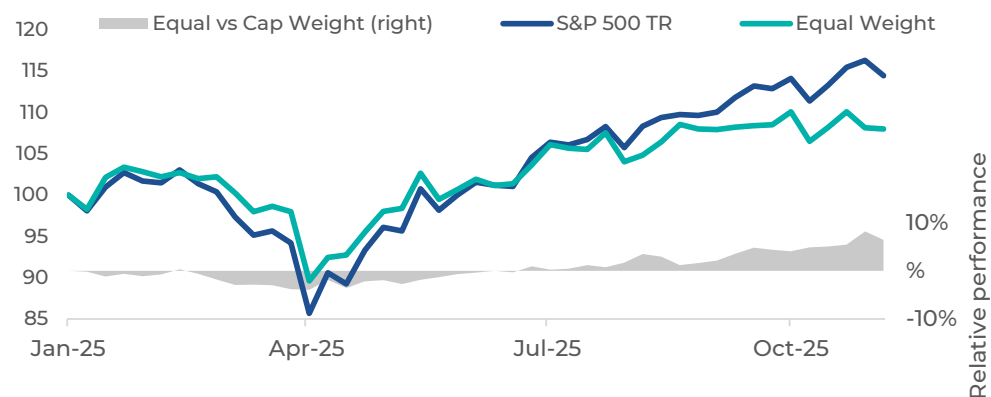
Flows have increased more since last month....go, go, go!!!



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

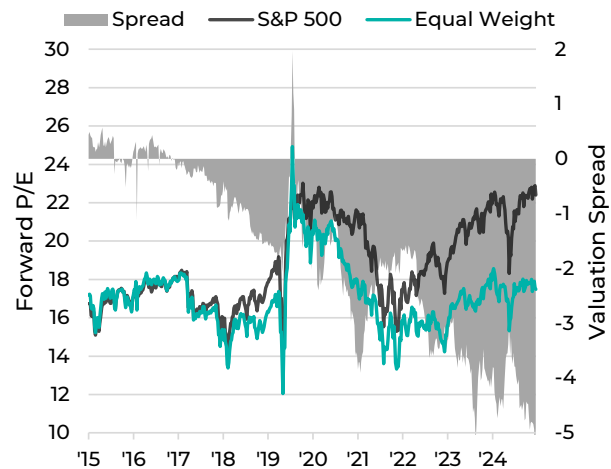
X. Why equal & market cap weight U.S. equity exposure

Equal weight is simply more defensive given high concentration in cap weight



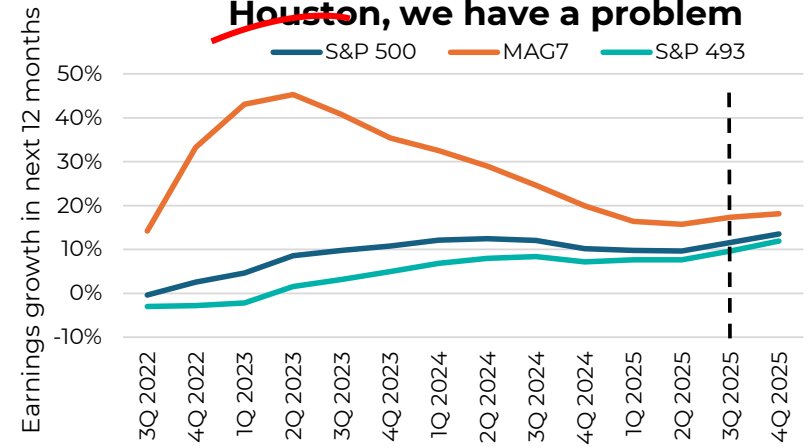
Source: Bloomberg, Purpose Investments

Valuation gap still strongly favours equal weight



Source: Bloomberg, Purpose Investments

Mag 7
Houston, we have a problem



Source: Bloomberg, Purpose Investments

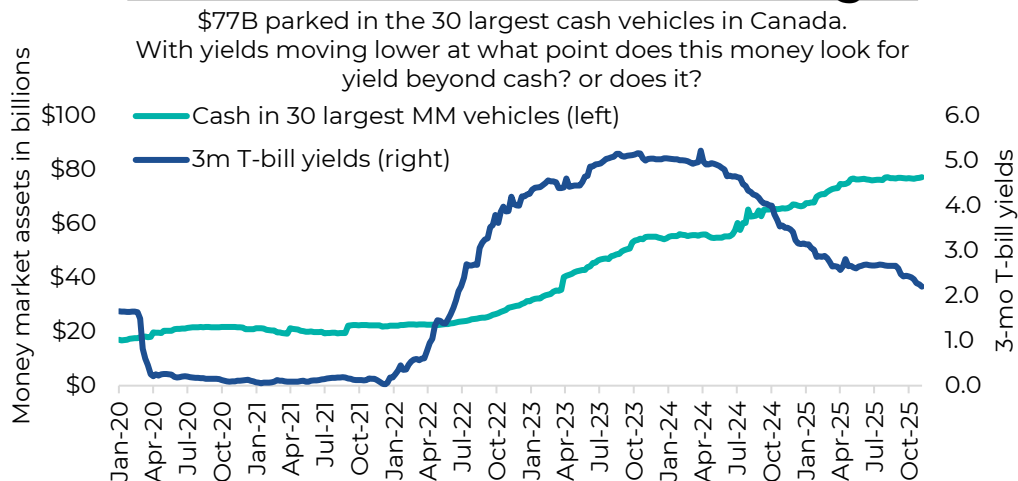
Purpose	Active	Balanced	Current Position	Baseline
US Equities			28%	30%
Equal Weight			9%	
Market Cap Weight			2%	
Indirect			17%	

- We are roughly market weight for U.S. but have a more defensive tilt, using some 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 given the U.S. market continues to be driven by megacap tech names.
- Top – Even earlier this year equal weight did show its more defensive characteristics, which is why we have this tilt.
- 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.



XI. Why dividends are awesome

Tsunami of Cash - Where will it go?



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

Over 1/3 of equity allocation are dividend focused strategies

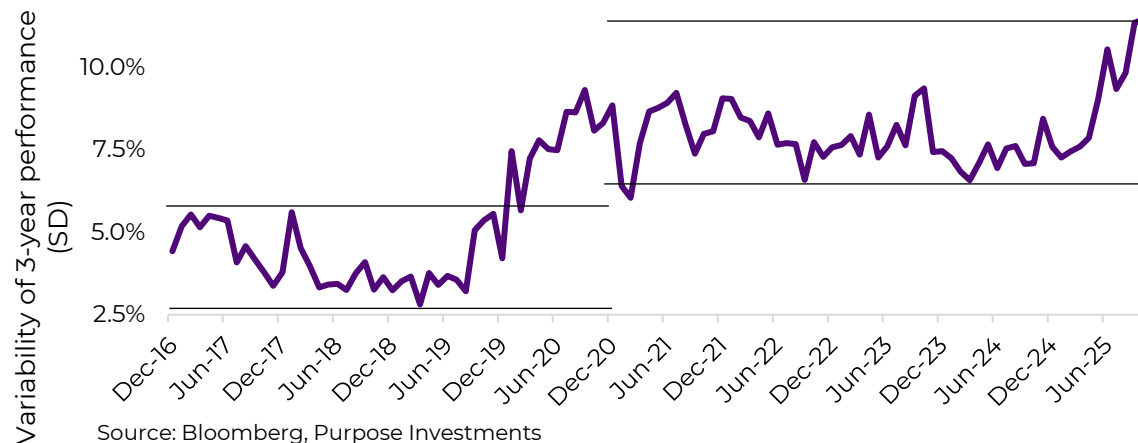
- TL– Cash vehicles, HISAs, money market funds, hoovered up cash in 2022 and 2023. Now with short yields coming down making cash less attractive, inflows have stopped which has benefited other asset classes including the dividend factor. Will this mountain of cash move? Probably and dividends will likely get some of the outflows. But it has remained stubborn.
- BL – When cash was hoovering up assets, dividend strategies saw dwindling inflows for a few years as there was yield available everywhere. But now flows are starting to turn back to dividends again, in a big way.
- 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

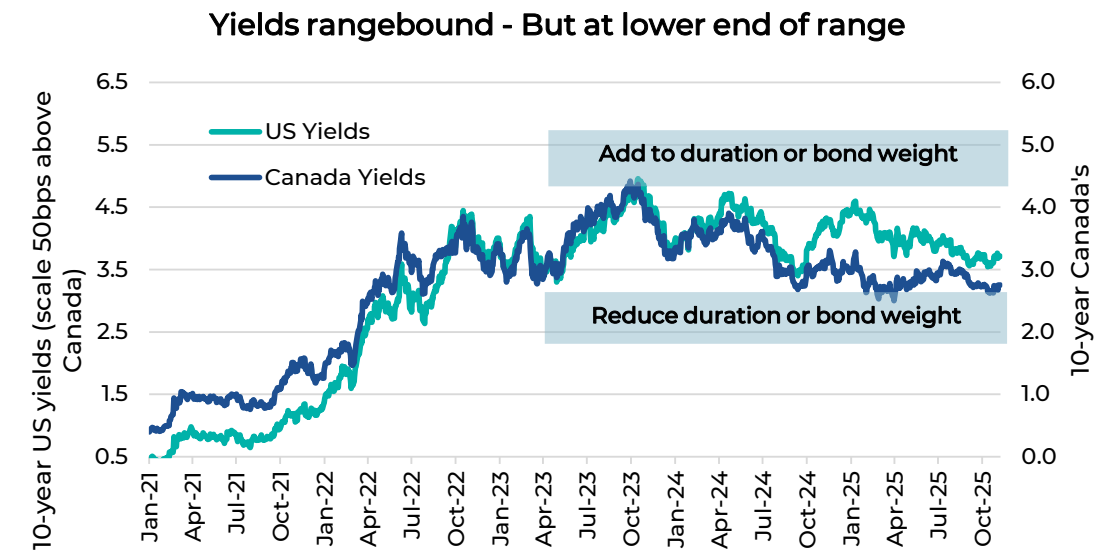


Source: Bloomberg, Purpose Investments

Index is based on variance of performance among a selection of 20 of the largest ETF & Funds with a dividend focus



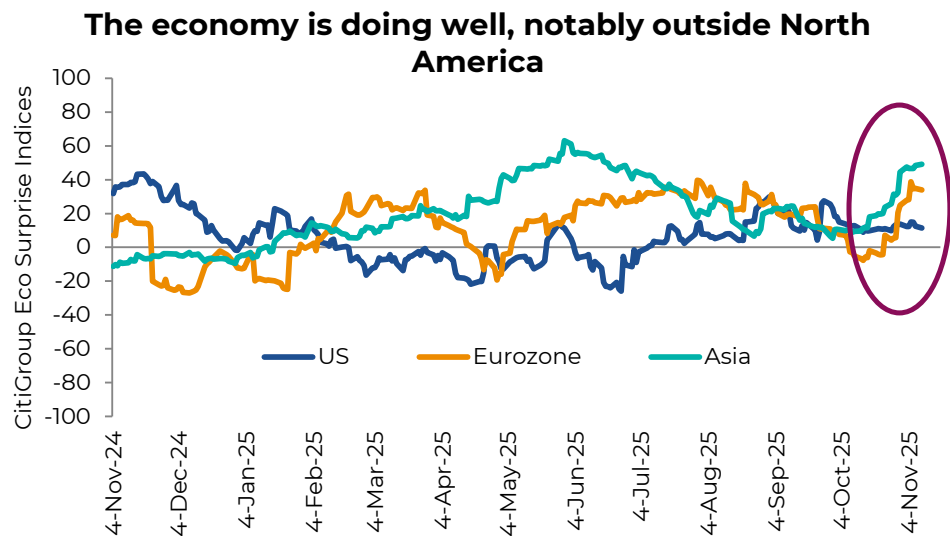
XII. Why duration of 4.7



Source: Bloomberg, Purpose Investments

Purpose Active Balanced	Current Position	Baseline
Duration	4.7	5.0

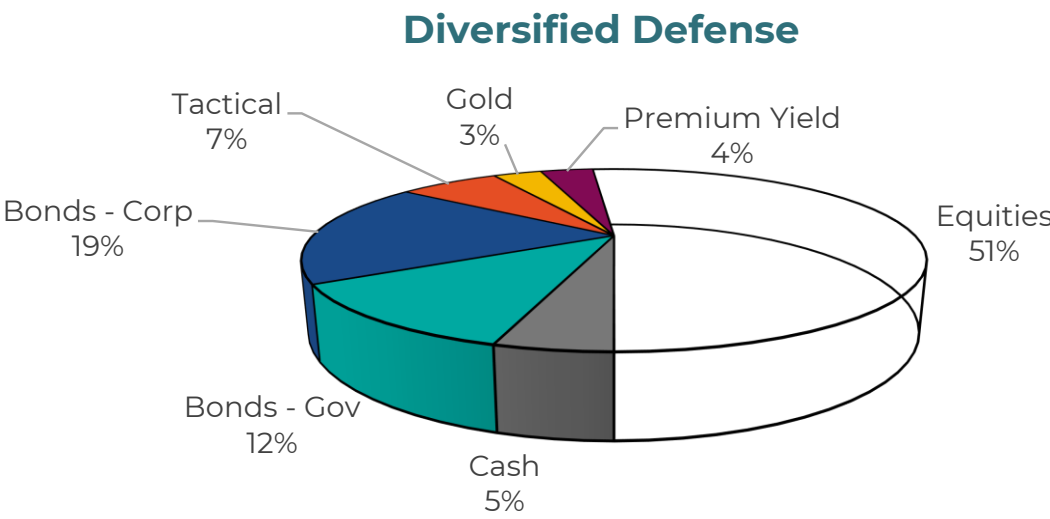
- We believe the current market, with higher inflation and yields than years past, is more challenging for the bond portion of portfolio. While still the cornerstone of defense, a more active duration management is needed.
- TL - We are underweight bonds and reduced duration in early September as bond yields have come down. Credit quality is high, with a good allocation to government and investment grade.
- BL – The economic data has softened somewhat.
- While not often talked about, bonds now have a real yield of about 2% (based on 10-year). This is decently healthy.



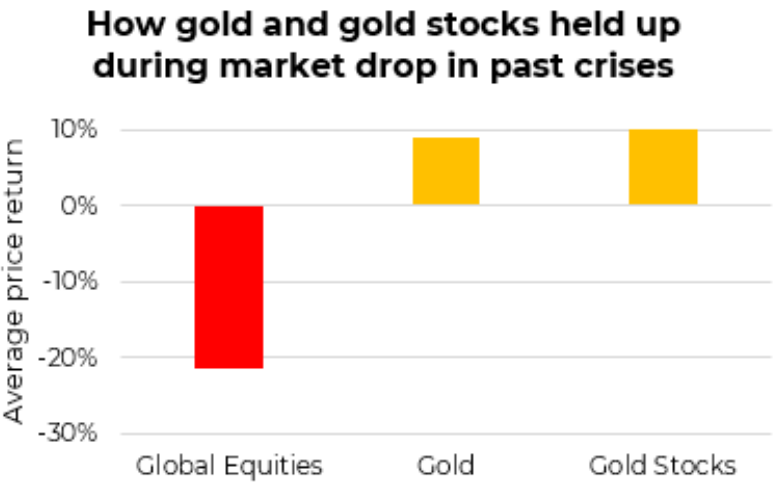
Source: Bloomberg, Citigroup, Purpose Investments



XIII. Why diversifying defense



Source: Purpose Investments PABF Allocations 3 Nov 2025



Year	Crisis
1990	1990 Recession
1998	Russian debt crisis & LTCM
2000	Tech bubble burst
2008	Credit crisis
2011	Euro debt crisis
2016	China crisis
2018	Q4 2018 sell-off
2020	Covid
2022	Inflation
2025	Trump Trade

Purpose Active Balanced	% of Portfolio
Bond positions	32%
Cash	6%
Tactical	7%
Premium Yield	4%
Gold	3%

- Every correction is different, speed, magnitude, duration and the cause. The last 3 have been caused by an exogeneous 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.

Source: Bloomberg, Purpose Investments