

Trade Rationale

Purpose Active Portfolios

Solutions

Purpose Active Balanced	
ETF TICKER	PABF
MGMT FEES	0.20%
SERIES F	PFC22101
MGMT FEES	0.20%
SERIES A	PFC22100
MGMT FEES	1.20%

Purpose Active Growth	
ETF TICKER	PAGF
MGMT FEES	0.20%
SERIES F	PFC22201
MGMT FEES	0.20%
SERIES A	PFC22200
MGMT FEES	1.20%

Purpose Active Conservative	
ETF TICKER	PACF
MGMT FEES	0.20%
SERIES F	PFC22001
MGMT FEES	0.20%
SERIES A	PFC22000
MGMT FEES	1.20%

Trade Activity

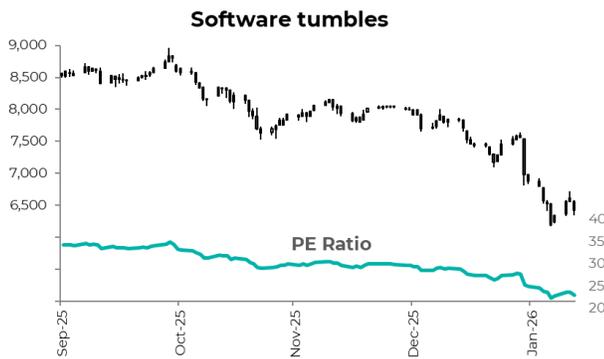
Action	PABF Fund/ETF	Previous	New	Change
New Buy	iShares Expanded Tech-Software Sector ETF (IGV US)	0.0%	2.0%	+2.0%
Decrease	Purpose Cash Management ETF (MNY)	4.0%	2.0%	-2.0%

Action	PAGF Fund/ETF	Previous	New	Change
New Buy	iShares Expanded Tech-Software Sector ETF (IGV US)	0.0%	3.0%	+3.0%
Decrease	Purpose Cash Management ETF (MNY)	7.0%	4.0%	-3.0%

Rationale

We've dipped our toe back into US software. The selloff this year feels a little dramatic, like everyone decided Claude was going to replace every coder on Earth overnight. Meanwhile, a lot of these companies are still highly profitable and, in our belief, not exactly one chatbot update away from extinction.

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.



Source: Bloomberg, Purpose Investments

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 ol' short term overreaction.

We believe this is somewhat of a Deepseek moment for software. If you recall, the Deepseek news of a much cheaper solution to train LLMs 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, the risks around AI reshaping parts of the software landscape are real and worth respecting. Business models will evolve, margins may compress in spots, and not every name will come out stronger. But markets have a habit recently of pricing in the full apocalypse before the first earnings call reflects it. Right now, the move feels like disruption has been pulled forward and fully discounted. That creates an opportunity tactically. This is not a forever call, it is simply a belief that sentiment has run ahead of fundamentals.

Investment

The iShares Expanded Tech-Software Sector ETF is a U.S. product. There are no options in Canada for investing in US software in the same manner that this ETF does. Many of the other options are much more small cap focused where as IGW is >60% Large Cap.

Software is a very specific area of the tech sector. For those that perhaps do not know what denotes a software company from others, the index is made up of companies whose primary business is building and selling software rather than hardware or chips. That includes enterprise application providers like CRM and HR platforms, cybersecurity firms, cloud and data analytics platforms, developer tools, and operating system or database companies. Most of the revenue comes from subscriptions, licenses, or recurring SaaS models. It is essentially a focused basket of companies monetizing code rather than physical products. To give you an idea of some of the names here are the top 10 holdings in the ETF:

Ticker	Name	Weight
MSFT	MICROSOFT CORP	9.49%
PLTR	PALANTIR TECHNOLOGIES INC CLASS A	8.16%
ORCL	ORACLE CORP	7.88%
CRM	SALESFORCE INC	7.31%
APP	APPLOVIN CORP CLASS A	5.08%
INTU	INTUIT INC	4.66%
PANW	PALO ALTO NETWORKS INC	4.58%
ADBE	ADOBE INC	4.48%
CRWD	CROWDSTRIKE HOLDINGS INC CLASS A	4.19%
NOW	SERVICENOW INC	3.63%

as of February 10, 2026

Overall, it's a bit more niche than we'd typically consider, but there just haven't been many pockets of weakness to lean into over the last few years. Most areas of the market have gone pretty much straight up, so opportunities to step into something that's actually pulled back have been scarce. Even though it sits in a narrower corner of the market, after a move like this, we believe it looks worthy of a small sprinkle.

Management Team

Craig Basinger, CFA
Chief Market Strategist

Derek Benedet, CMT
Portfolio Manager

Brett Gustafson
Associate Portfolio Manager

Spencer Morgan
Director, Portfolio Strategy

DISCLAIMER

All data sourced from Bloomberg unless otherwise noted.

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. The indicated rates of return are the historical annual compounded total returns 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 that would have reduced returns. As with any investment, there are risks to investing in investment funds. 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. The opinions expressed are provided by the portfolio manager responsible for the management of the Fund's investment portfolio, as specified in the Fund's prospectus. Unless otherwise stated, the source for data cited in any commentary is the portfolio manager. Nothing in any commentary should be considered a recommendation to buy or sell a particular security. The Fund may sell these securities at any time, or purchase securities that have previously been sold. The securities may increase or decrease in value after the date hereof, and the Fund may accordingly gain or lose money on the investment in the securities. The statements by the portfolio managers in their commentaries are intended to illustrate their approach in managing the funds, and do not necessarily reflect the views of Purpose Investments Inc. All data sourced from Bloomberg and Purpose Investments, unless otherwise noted.

