July 2024

Trade Rationale

Purpose Active Portfolios

FUND CODE/TICKER

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%

Portfolio Management Team

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TRADE

Purpose Active Conservative Fund

Sold	2.3% iShares S&P/TSX Global Gold Index ETF (XGD)
Bought	2.3% Purpose Gold Bullion ETF (KILO)

Purpose Active Balanced Fund

Sold	2.4% iShares S&P/TSX Global Gold Index ETF (XGD)
Bought	2.4% Purpose Gold Bullion ETF (KILO)

Purpose Active Growth Fund

Sold	2.3% iShares S&P/TSX Global Gold Index ETF (XGD)
Bought	2.3% Purpose Gold Bullion ETF (KILO)

SOURCE: PURPOSE INVESTMENTS & BLOOMBERG

Inception date: October 24, 2023

A few months ago, we adjusted our gold allocation by shifting half of our bullion holding into gold equities. This move was driven by the observed divergence between the prices of gold bullion and equities, as illustrated in the chart below. At the time, gold equities were significantly undervalued relative to bullion, presenting an opportunity to capitalize on the potential catch-up of gold stocks.

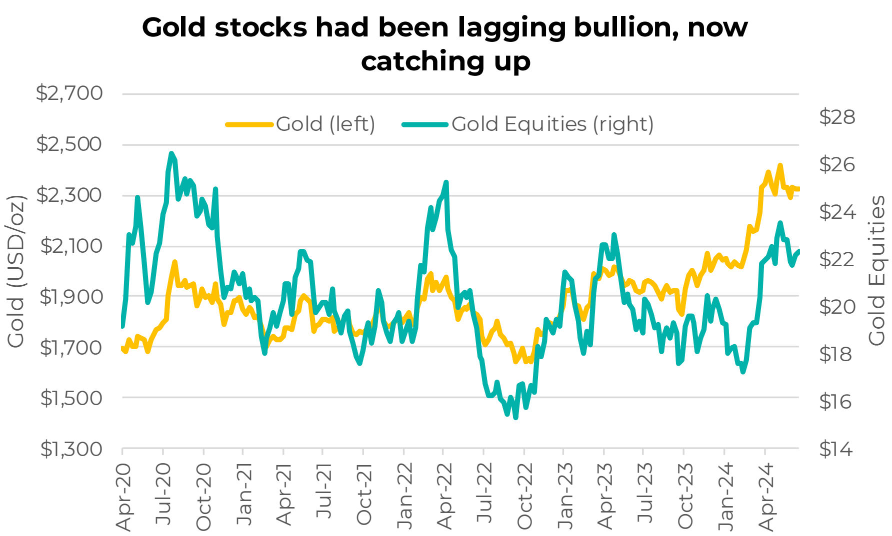
Since the beginning of March, gold equities have strongly outperformed bullion, making meaningful progress towards closing the previously identified relative performance gap. The initial rationale for transitioning into gold equities has played out successfully, and the spread between gold and gold equities has narrowed to more acceptable levels. With our objective largely achieved, moving back to bullion ensures we are able to lock in the achieved gains.

The move back to bullion achieves a few new objectives. The first being a superior safe-haven investment compared to the gold miners. Bullion remains a superior hedge against market volatility and economic uncertainties. Its historical performance during crises reinforces its role as a core component of our "rainy day" positions.

The second aspect of our decision entails a broader reduction of equities within the overall multi-asset portfolio. While we have been underweight in equities for some time, our outlook for the coming months suggests a more challenging environment. This results in a further reduction of our equity exposure to bolster the portfolio's defensiveness.

Despite high real rates, a rising US dollar, and steady outflows from ETFs, we remain confident in our gold position. The lack of a major financial crisis has not deterred our optimism, as the demand for gold, particularly from Chinese investors and for settling transactions in other currencies, continues to provide support. Should any of these conditions reverse—such as a decline in real yields, a weakening USD, or a resurgence in ETF inflows—gold prices could easily move higher. Given these factors, we remain comfortable with our exposure to gold.

By shifting our gold exposure fully back to bullion, we enhance the portfolio's defensive positioning and stability. Gold bullion offers significant diversification benefits, acting as a reliable hedge against market volatility and economic uncertainty. This move not only preserves the protective qualities of gold within our portfolio but also strategically reduces our equity exposure in anticipation of challenging market conditions. The reallocation to bullion strengthens our portfolio's resilience, ensuring we are well-positioned to navigate future market dynamics while maintaining a focus on risk-adjusted returns.



Source: Bloomberg, Purpose Investments, Normalized scaling

The reallocation to bullion strengthens our portfolio's resilience, ensuring we are well-positioned to navigate future market dynamics while maintaining a focus on risk-adjusted returns.

SOURCE: PURPOSE INVESTMENTS & BLOOMBERG