Purpose INVESTMENTS

Purpose “WHY” Report

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

Purpose Macro Investment Team

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14 April 2025

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Multi-Asset Management Team

Team Credentials

100+ Years of Combined Experience
- Deep understanding of asset management, built on decades of market cycles, innovation, and strong investment performance.

Certified Professionals
- Led by 3 CFAs and 1 CMT, ensuring top-tier analytical rigor and technical expertise in market analysis and strategy execution.

$2.1 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

Greg Taylor, CFA
Chief Investment Officer

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Portfolio Manager

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Associate Portfolio Manager

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Investment Analyst

Asset Allocation tilts - Why

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Active Asset Allocation Strategic Guidance

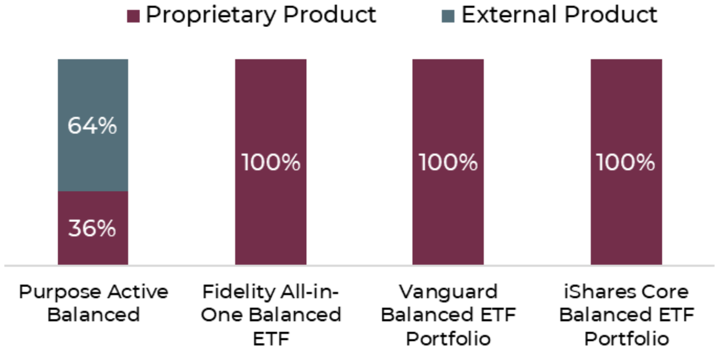
	House View	Underweight		Neutral		Overweight
Overall	Equity			•		
	Bonds		•			
	Cash				•	
	Diversifiers				•	
Equities	Canada		•			
	U.S.		•			
	International				•	
	Emerging Markets			•		
	Style Allocation (Value <----> Growth)		•			
	Size (Small <-----> Large cap)				•	
Fixed Income	Duration (Low 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

	Holding	Ticker	Weight
Cash	CAD Cash	Cad Cash	0.0%
	Purpose High Interest Savings Fund	PSA	2.6%
	Purpose Cash Management ETF	MNY	0.0%
Fixed Income	BMO Aggregate Bond ETF	ZAG	10.9%
	iShares Core Canadian Corporate Bd ETF	XCB	6.9%
	Mackenzie Unconstrained Bond ETF	MUB	4.3%
	Purpose Global Bond ETF	BND	4.6%
	BMO MT US IG Corp Bd Hdgd to CAD ETF	ZMU	4.1%
Balanced	Purpose Tactical Asset Allocation ETF	RTA	6.5%
North American Equity	BMO S&P/TSX Capped Composite ETF	ZCN	6.3%
	Purpose Core Equity Income ETF	RDE	11.4%
	Invesco S&P 500 Equal Weight ETF CAD H	EQL.F	8.7%
	SPDR® S&P 500 ETF	SPY	4.7%
International Equity	Purpose International Dividend ETF	PID	5.2%
	iShares Core MSCI EAFE ETF	IEFA	5.2%
	iShares MSCI Japan ETF	EWJ	2.0%
	iShares MSCI EAFE Min Vol Factor ETF	EFAV	5.2%
	Vanguard FTSE Emerging Mkts All Cap ETF	VEE	3.0%
Diversifiers	Purpose Gold Bullion	KILO	4.4%
	Purpose Premium Yield ETF	PYF	4.0%

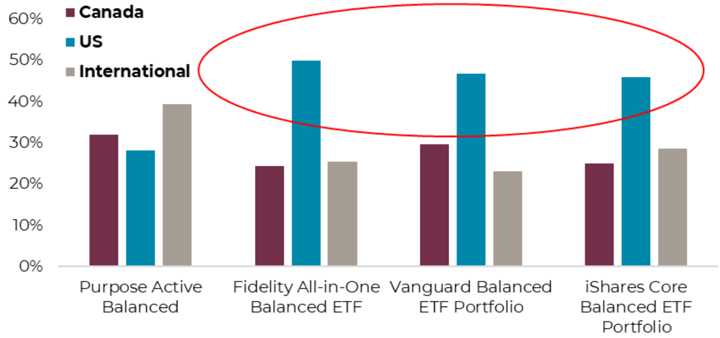
Diversifying Beyond In-House Product



Source: Purpose Investments

Concentration Risk is high in Passive Portfolios

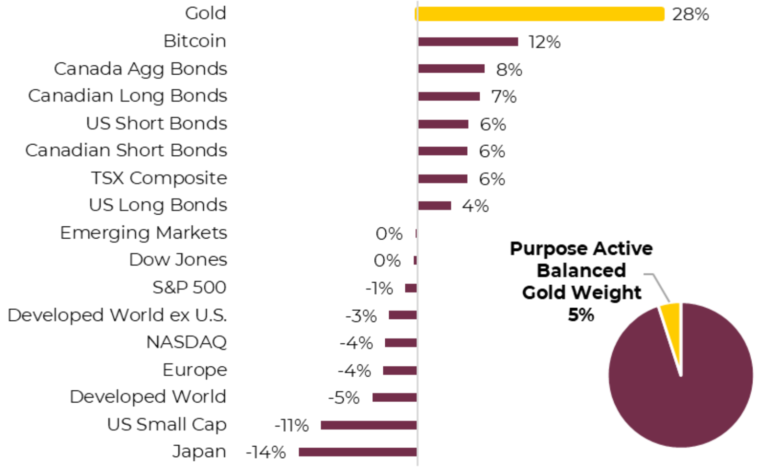
Equity Exposure



Source: Purpose Investments

Diversifiers in Action

1-Year Performance



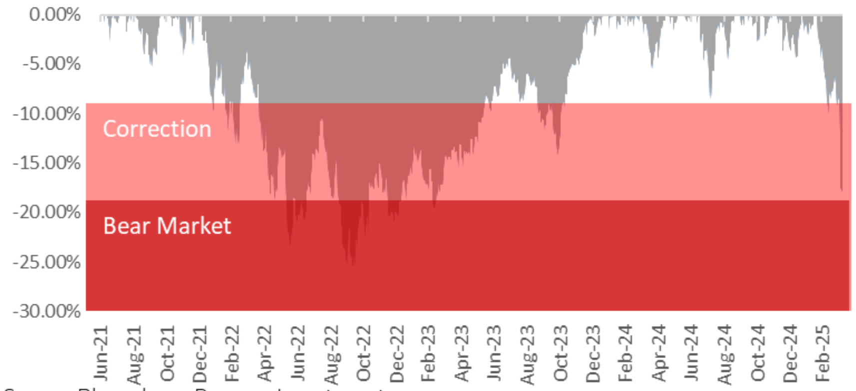
Source: Purpose Investments, Bloomberg, Returns in Local Currency, as of April 8, 2025

- One-ticket solutions aligned to three risk profiles, Conservative, Balanced, and Growth, with dynamic asset allocation, not static 60/40 mixes.
- We combine active and passive with thought, active in inefficient markets, passive where it keeps fees low without sacrificing outcomes.
- TL – Full transparency into our holdings and trade activity are always available, so you can see what you own and why you own it.
- TR – We cap our in-house product used in the portfolio at 40% (ex-cash) because we know we aren't the best at everything. We also know advisors don't build models with 100% allocation to one fund company.
- BL - Passive portfolios are increasingly concentrated. Our portfolios are actively managed to avoid the risks of too much in too few names.
- BR - Exposure goes beyond traditional stocks and bonds, with added diversifiers to improve portfolio resilience across market cycles. Our outsized gold position has been a large contributor to performance the past year.
- The Why Report provides insight into the current positioning and active tilts within the Purpose Active Portfolios.

I. Chart(s) of the Month

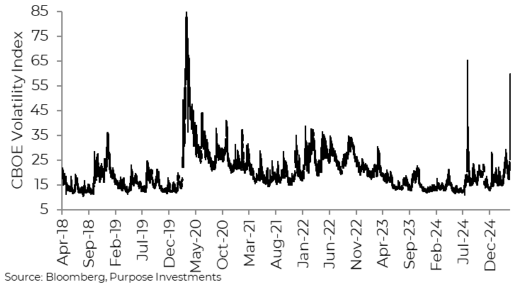
Chart Referencing:
TL = Top Left, TR = Top Right
BL = Bottom Left, BR = Bottom Right

S&P 500 - On the edge of a bear market



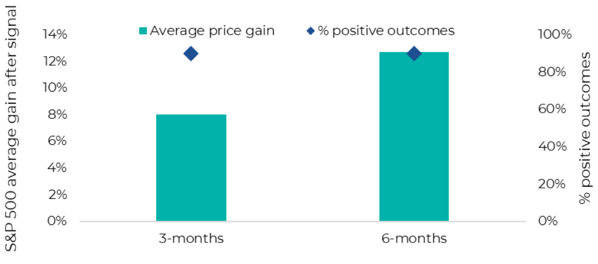
Source: Bloomberg, Purpose Investments

VIX is elevated



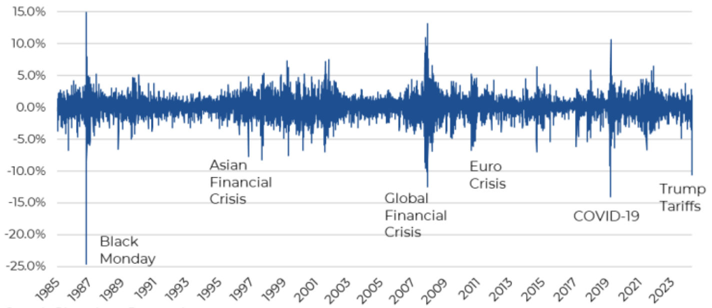
Source: Bloomberg, Purpose Investments

Oversold signal of VIX > 40 and RSI breaching 30
1998-2024



Source: Bloomberg, Purpose Investments

Back-to-Back Losses: Trump makes his mark in history
S&P 500 two-day percent change 1985-2025



Sourch: Bloomberg, Purpose Investments

- Top - S&P 500 is on the verge of another bear market. The speed of the collapse has been extraordinarily painful for investors. Since 2022, the S&P 500 has experienced several garden-variety pullbacks, but the Rose Garden announcement has changed that. The max drawdown briefly eclipsed -20% on April 7th, 2025. Post GFC/pre-Covid there several growth scares that saw drawdowns in the 14%-20% range.

- Middle - The market is oversold with an RSI under 30 and volatility is at an extreme. The VIX briefly hit a high of 60. This is the time that contrarians get interested. Looking back to 1998, forward returns from similar periods are typically positive three and six months afterwards.

- BL – Two day sell-off following the latest tariff news rivals some of the most severe financial downturns in history. We've yet to see any snap-back rally.

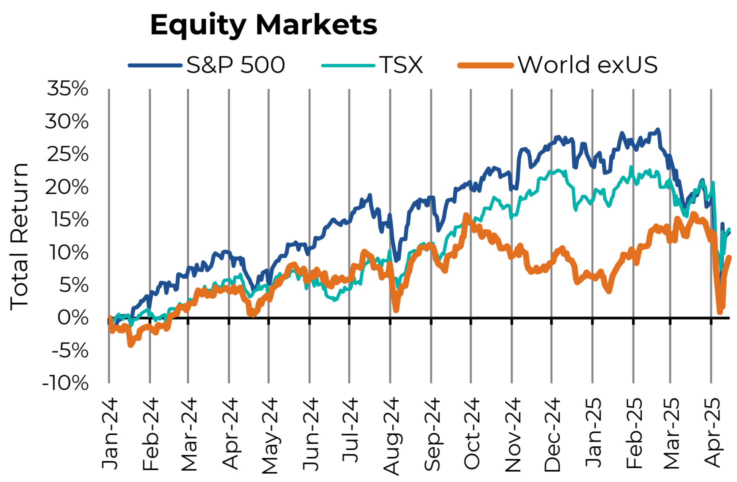
- Bottom - During periods of extreme stress and uncertainty, we like to monitor key confidence metrics to get an idea of when the sell-off appears overdone. Currently, most of these are in areas that warrant attention. Volatility is high, high yield bond spreads are rising and are now back above 10-year average. Breath is falling quickly and we're seeing indiscriminate selling pressure. There is blood in the streets, but investors have to decide if they will be greedy or fearful.

4/4/2025 S&P off 15%, TSX off by 8%

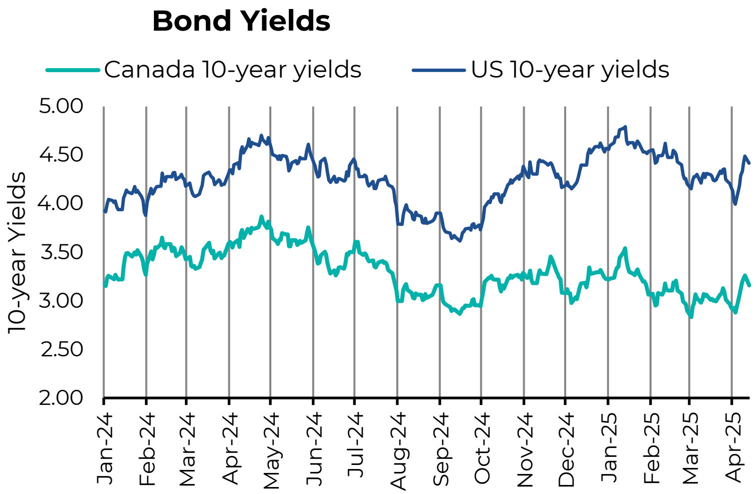
Confidence Indicators	Measurement	
Equity Volatility	High, VIX is now over 40	
Sentiment	Very bearish, AAII Bull-Bear below -40	
Spreads	HY spreads are now rising, not extreme	
Equity / Bond Correlations	Negative, yields are falling and bonds are up	
Market Breadth	Low but not extreme, 36% above 200DMA	
Currencies	Some risk-off currencies doing well, but USD falling	
Selling Pressure	Indiscriminate selling across all markets	

Source: Purpose Investments, as of 4 April 2025

II. Markets – Certainty brings more uncertainty



Source: Bloomberg, Purpose Investments



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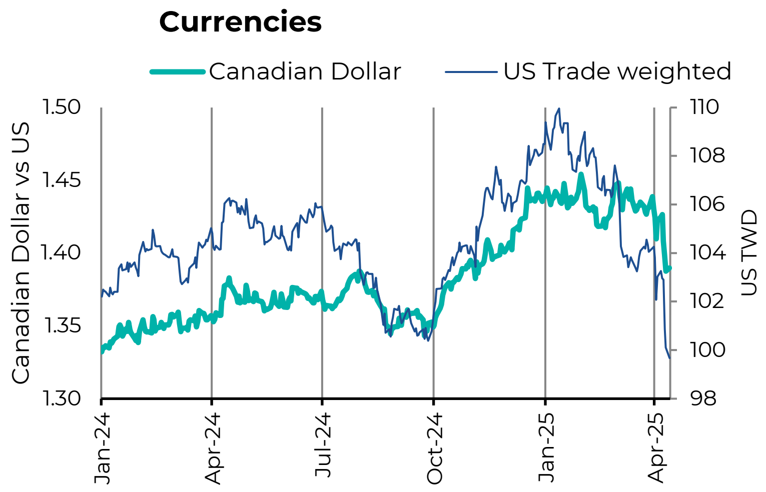
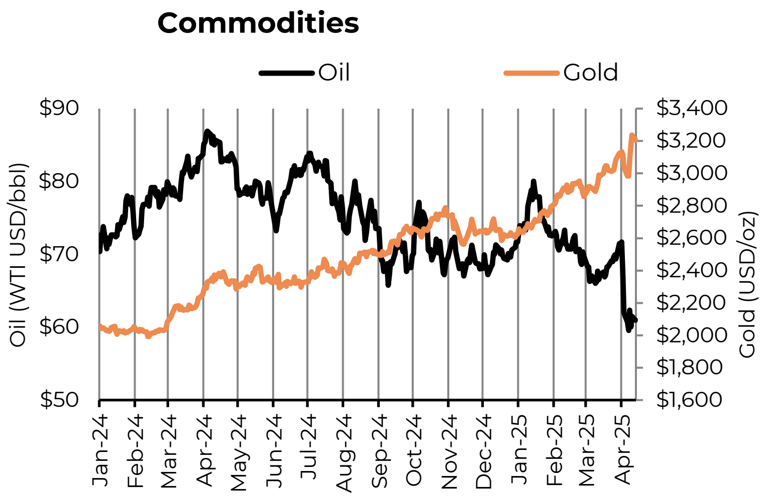


Source: Bloomberg, Purpose Investments



Source: Bloomberg, Purpose Investments

- Trump has announced global tariffs, but with this administration, there are no guarantees around timing or consistency…and some now paused. While the headline numbers offer some clarity, the rationale, timing and duration remain uncertain, and that uncertainty continues to weigh on global markets. Watch for negotiations to begin which could be a positive catalyst.
- TL – Before March, equity market weakness was largely confined to the US. Since then, it has broadened globally, with the US taking the brunt of the decline in March and early April. That said, Canada has once again stood out as one of the better-performing regions.
- TR – Over the past month, yields in Canada and the US moved lower most meaningfully on the short end (2-yr). Not a ton of action in the bond market this over March but there has been a pickup in movement the past week.
- BL – The CAD traded in a tight 0.69 to 0.70 range through March, but has recently risen up to 0.72. Meanwhile, euro strength followed fresh stimulus measures, and early April brought continued USD weakness, a surprising move given the risk-off tone.
- BR – In March, Gold climbed a massive 10%, bringing the 1-year return to 41%. The on again off again tariff uncertainty plus weak USD has gold shining bright.
- Crude got hit with a double whammy to start April, concerns over slower growth and a conveniently timed supply increase from OPEC pushed prices down to the US$60 per barrel level, a low not seen since 2021.

III. Market Cycle – Moving in the wrong direction

Market cycle indicators

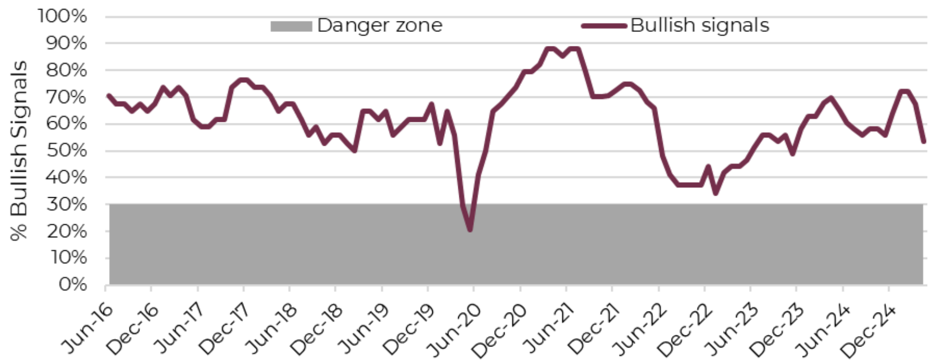
Grouping	Metric			Better/ Worse
Rates				**0 / 3**
	Net Cuts	✓		-
	Yield Curve		✓	-
	Yield Curve 3m		✓	-
US Economy				**6 / 13**
	Leading Ind (3m)		✓	-
	Leading Ind (6m)		✓	-
	Phili Fed Coincident	✓		-
	Credit (3m)	✓		+
	Recession Prob (NY Fed)		✓	-
	Recession Prob (Clev Fed)		✓	-
	Citi Eco Surprise		✓	-
	GPD Now (Atlanta Fed)		✓	-
	US Unemployment	✓		-
	Consumer Sentiment (3m)		✓	-
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		✓	-
Global Economy				**3 / 5**
	Global PMI	✓		+
	Copper (6m)		✓	-
	DRAM (3m)	✓		+
	Oil (3m)		✓	-
	Commodities (3m)		✓	-
	Baltic Freight (3m)	✓		+
	Kospi (2m)		✓	-
	EM (2m)		✓	-
Fundamentals				**9 / 3**
	US: PE		✓	+
	US: EPS Growth	✓		+
	US: EPS 2FY v 1FY	✓		+
	US: 3m EPS Revision	✓		-
	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	✓		+

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.

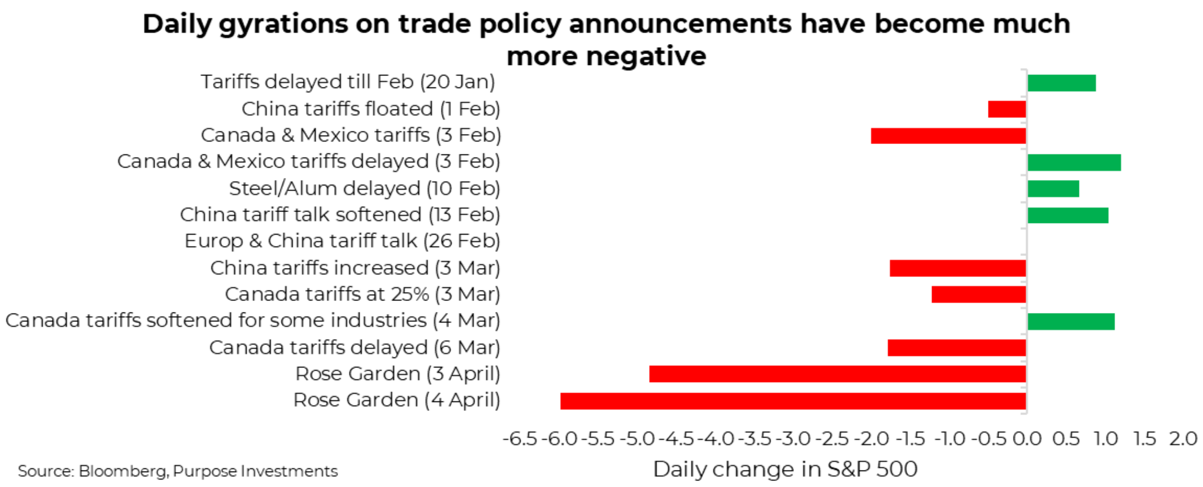
- Bottom – Market cycle indicators moved lower in March again for the second month in a row. We are now sitting at roughly 53% bullish signals, still a ways from our 30% Danger Zone. We continue to get some rolling over as some of the economic growth we saw earlier was likely due to front running tariffs.
- Left – Out of the 42 signals we have 24 worsening and 13 of those are from the US economy. The US Data keeps slipping. GDPNow and leading indicators flipped bearish, and we saw continued weakness in PMI new orders, energy demand, and housing.
- Fundamentals remain strong as we continue to get some consolidation from a valuation perspective, however, expect some revisions coming on the earnings side.
- Overall, the market cycle remains healthy globally, but things are certainly moving in the wrong direction.

Market cycle indicators - Moving Lower

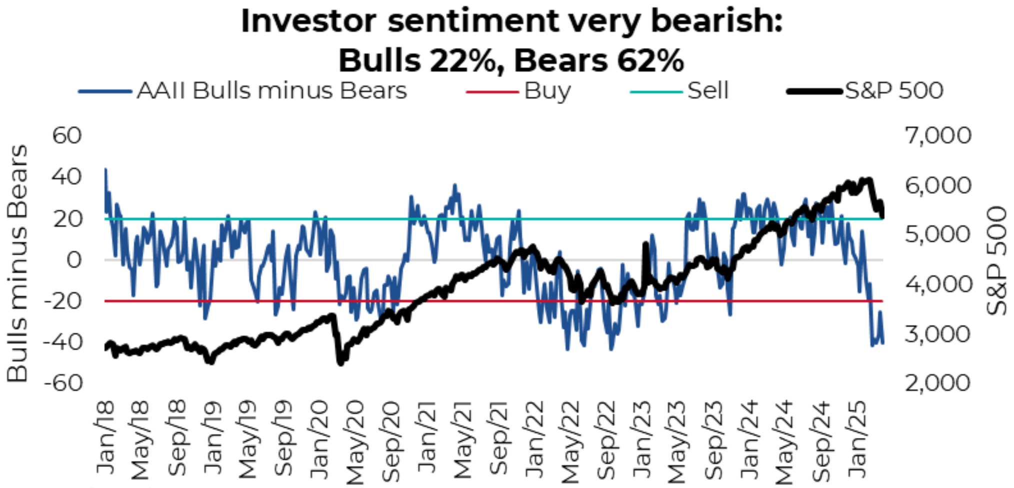


Source: Purpose Investments, Bloomberg

IV. Why market weight equity, under on bonds & extra cash



Source: Bloomberg, Purpose Investments



Source: Bloomberg, Purpose Investments

Purpose Active Balanced	Current Position	Baseline
Cash	4%	2%
Bonds	32%	36%
Equities	55%	57%
Diversifiers	8%	5%

- We are currently neutral on equities (perhaps with a really mild underweight). A more significant underweight on bonds while holding above average cash and diversifiers.

Equities

- Top - The market reaction to headline policy risk is extreme and recently tilted much more negative. It's created what we believe is the first buying opportunity of the year. Market still awaiting any softening in tone or positive developments following the Rose Garden debacle.

- Bottom - Sentiment remains extremely bearish. AAII Bullish-Bearish sentiment is at -40%. It' has now been quite low for some time, with a six-week average of -36%. This should have contrarians very interested.

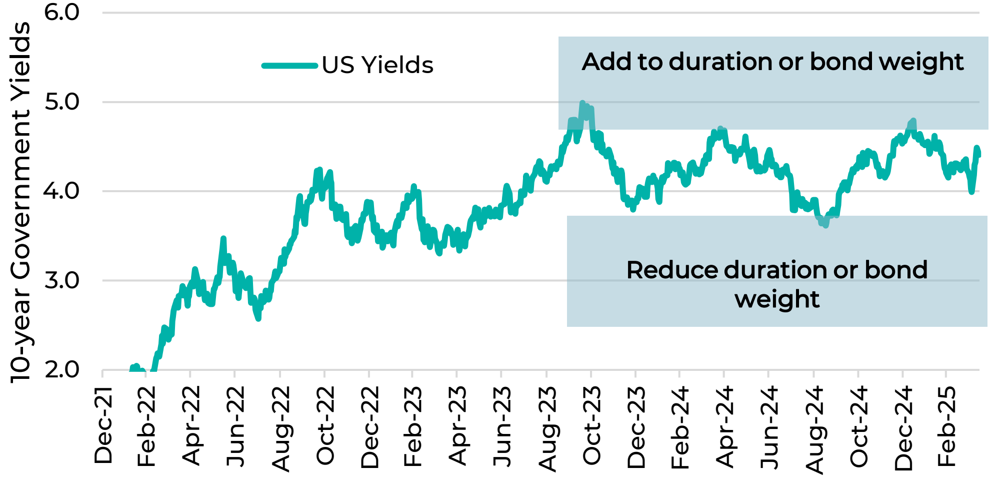
- We've increased equities slightly following the latest sell-off but remain slightly underweight. To fund the purchase, we used some of our dry powder and took some profits off of our diversifiers.

Diversifiers

- Currently overweight but reduced slightly to fund U.S. equity purchase. Gold has done its job and delivered some critical crisis alpha. Diversifiers remain defensively tilted.

IV. Why market weight equity, under on bonds & extra cash

Bond yields have incrased in volatility but still remain within recent range



Source: Bloomberg, Purpose Investments

Purpose Active Balanced	Current Position	Baseline
Cash	4%	2%
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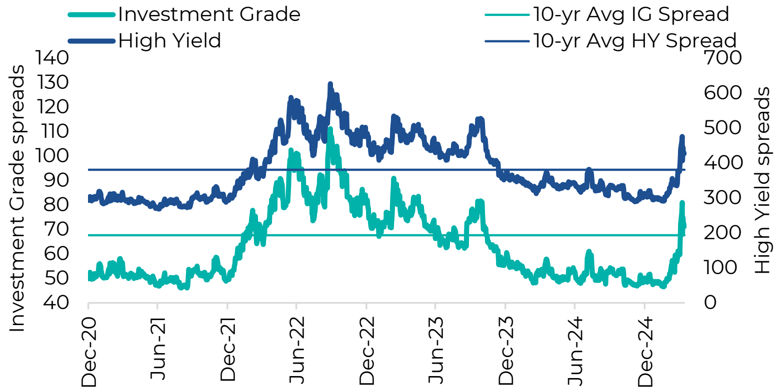
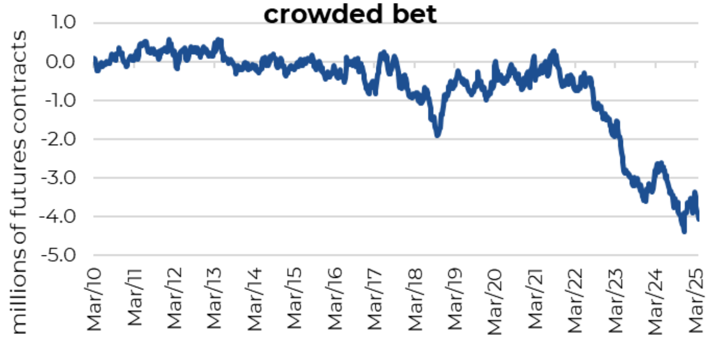
Credit spreads - bit of a tick up, back above 10 year average



Source: Bloomberg, Purpose Investments

Net futures positioning for Treasuries is a crowded bet



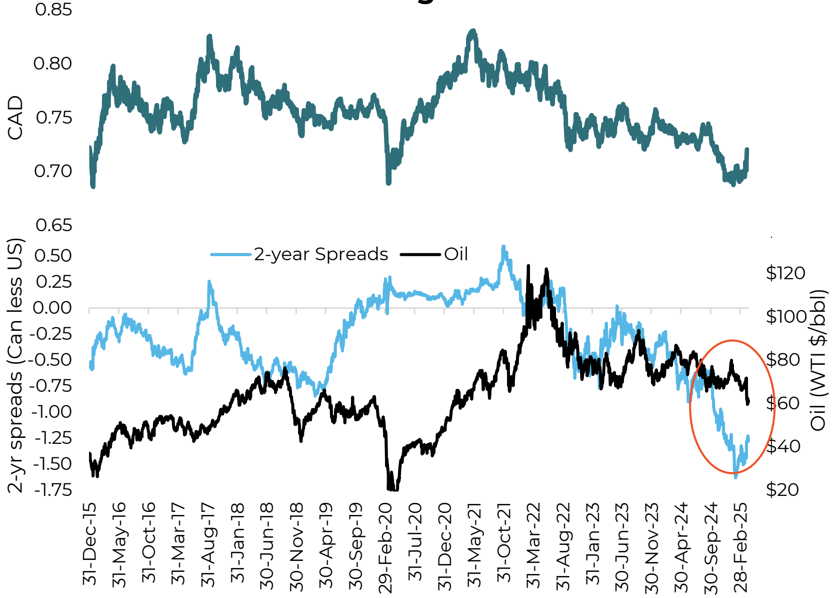
Source: Bloomberg, Purpose Investments, CFTC

Bonds

- Remain underweight on bonds. Softening economic data and growth fears have put pressure on bond yields. U.S. bond yields had pulled back to 4% before jumping a bit higher as equity volatility spread to the bond market. Still remain in recent range.
- In our most recent trade to add to our U.S. equity position, we have slightly reduced our cash position. Currently we are back to neutral with our combined cash and bond weight. The defensive stance has worked but we are beginning to lean into the sell-off.
- Spreads have begun to move higher and are back above 10-year average levels coming off of a very low base. They are not high enough to have us interested in adding credit exposure yet.
- The market is very bearish on bonds, which is a crowded bet. Though this somewhat concerning we continue to have a mild underweight in bonds.

V. Why we are now more hedged USD

CAD is all about relative yields - a function of overnights & tariffs

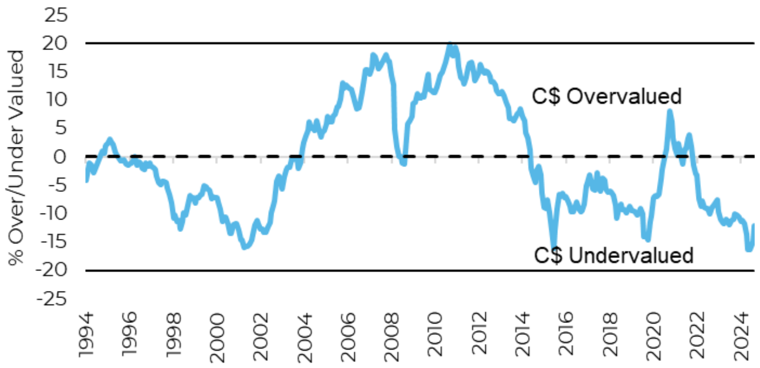


Source: Bloomberg, Purpose Investments

Purpose Active Balanced	Hedged
% of US Equity	49%
% of US Fixed Income	39%

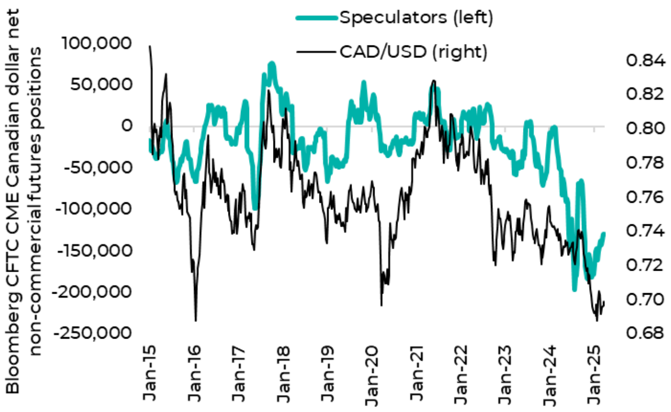
- We generally do not hedge USD exposure as it is a safe haven currency which we continue to want exposure for diversification/safety reasons. But sometimes there are extremes. The U.S. dollar index peaked in January and has fallen nearly 6% off the high. The Loonie has remained steady, though others like the Euro have appreciated materially.
- Top – The CAD is back up to 72 cents, rebounding as the USD falls. We are also starting to see spreads narrow between Canada and the U.S. providing more support for the loonie.
- Tariff risks are a big driver here, and while they are ‘paused’ this rise up again in the coming weeks/months.
- BL – Valuations via purchasing power parity favors CAD down here. Valuations have begun to move higher, but still a significant discount.
- We remain about ½ hedged on U.S. denominated holdings.

Purchasing Power Parity: CAD is cheap



Source: Bloomberg, Purpose Investments

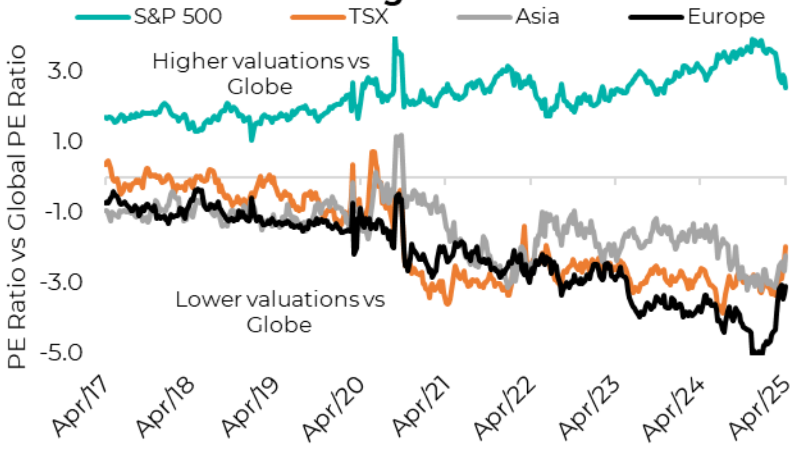
Bearish bets on CAD beginning to recede



Source: Bloomberg, Purpose Investments, CFTC

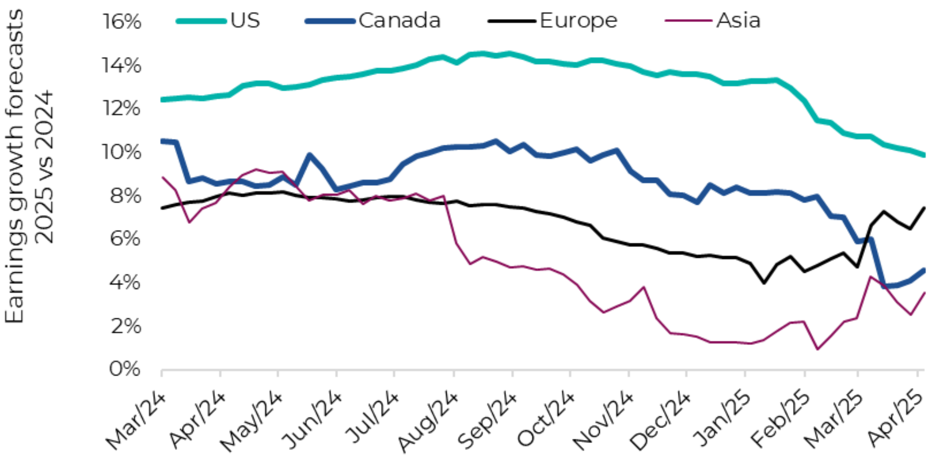
VI. Why equity exposure is mild underweight Canada, market weight US and overweight International

PE Ratios compared to the PE Ratio of the globe



Source: Bloomberg, Purpose Investments

Europe & Asia improving, US & Canada not



Source: Bloomberg, Purpose Investments

Purpose Active Balanced	Current Position	Baseline
Canada	31%	35%
United States	31%	30%
International	37%	35%

- Canada does have decent valuations but earnings growth is slowing. Has us a bit under and defensively allocated. The U.S. is in a similar position still elevated earnings at 18.2x earnings and declining earnings growth expectations for this year. We still see good value in international equities. They are historically cheap and earnings growth expectations continue to move higher. Admittedly analysts have not trimmed growth expectations much following the latest tariff announcement, but we would expect the reduction to be across the board impacting the U.S. and international equities.

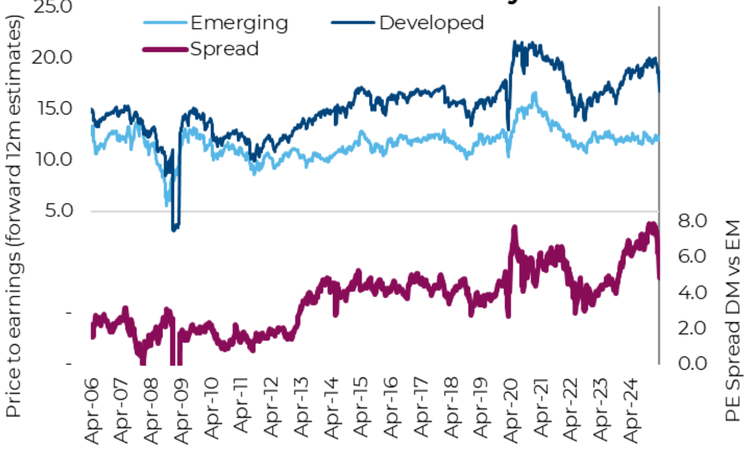
- Top – Europe, and to a lesser extent Asia, have been the markets to be in so far in 2025. While they managed to sidestep the tariffs for a while, international markets joined the sell-off after the Rose Garden announcement. Rising global growth concerns will impact equities, however starting from a significantly lower valuation levels does add to their defensiveness.

- Bottom – This is consensus forecasts for earnings growth, comparing calendar 2025 vs 2024. U.S. remains the market leader with the best earnings growth but this is falling. Meanwhile Europe and Asia are rising, while these markets enjoy low valuations.

- While not as much of a feel-good story as it was a month ago with all the positive sentiment, we remain tilted with an overweight international tilt. U.S valuations have come down from their lofty levels and are now below their 5-year average. This has us more constructive, which is one of the reasons why we recently added to our U.S. exposure.

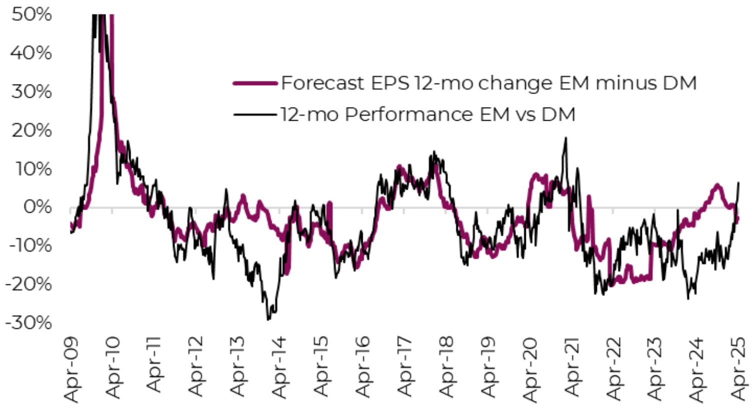
VII. Why market weight emerging markets

Valuation buffer remains healthy but has reduced considerably



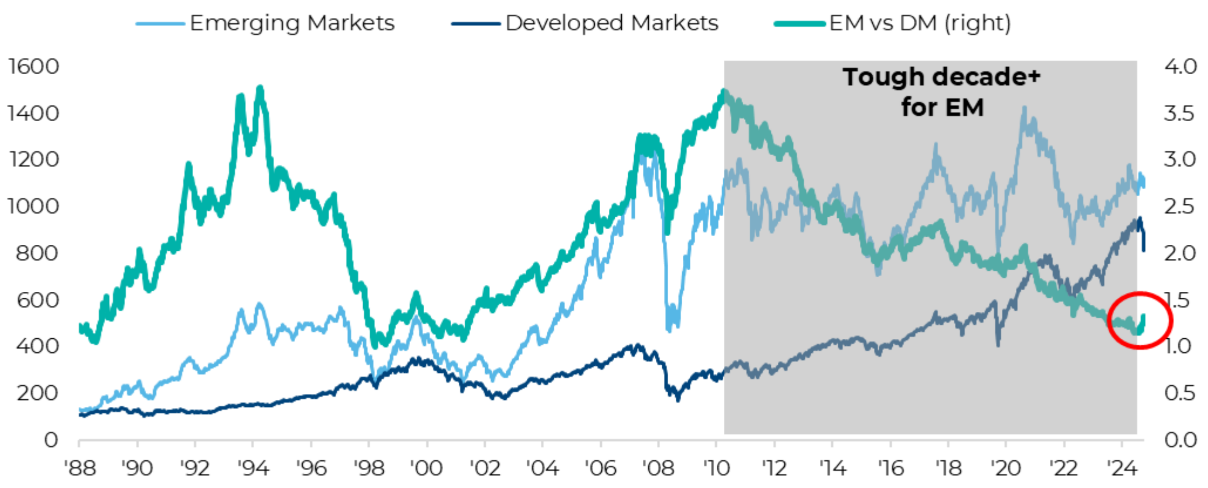
Source: Bloomberg, Purpose Investments

Earnings growth in emerging markets has dramatically improved relative to DM



Source: Bloomberg, Purpose Investments

EM: Long time underperformer, but we're seeing a blip

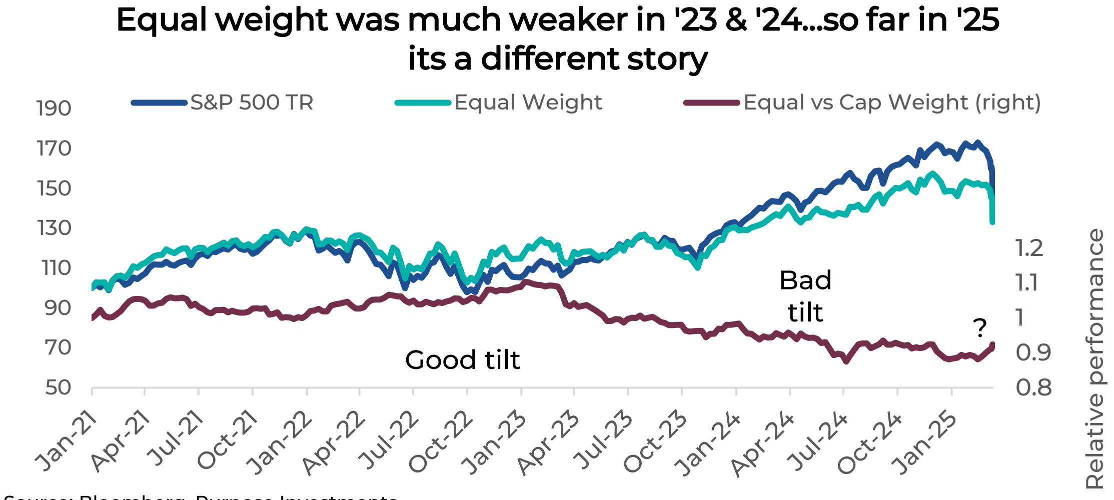


Source: Bloomberg, Purpose Investments

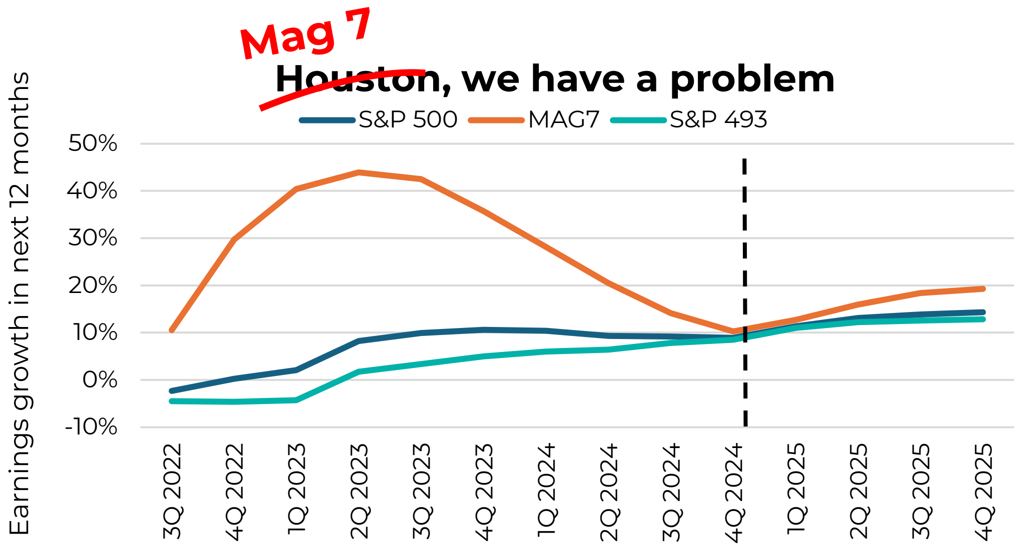
Purpose Active Balanced	Current Position	Baseline
Emerging Markets	4%	5%
Developed Markets	96%	95%

- We became more positive on emerging markets in May '24. While risks remain, including the escalating trade war 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 was historically high. The discount has reduced given the latest sell-off, mostly with the U.S. coming down. The spread is still wide, but certainly less extreme.
- TR – EM outperforms when earnings growth is higher vs DM earnings growth. The relative earnings growth was outpacing DM, but that has reversed recently. Currently we're seeing similar EPS growth expectations for both. This reversal is worth keeping an eye on, especially with the recent trade shock
- B – After a long painful decade for emerging markets, the relative performance has turned to their favour recently. We're seeing a blip, which is the first signs of a potential reversal in a long-held trend. Chinese markets have done well this year, mostly led by tech.
- 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 an allocation closer to neutral.

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



Source: Bloomberg, Purpose Investments



Source: Bloomberg, Purpose Investments

Purpose Active Balanced	Current Position	Baseline
US Equities	31%	30%
Equal Weight	9%	
Market Cap Weight	5%	
Indirect	17%	

- We have been tilted more towards equal weight for our U.S. exposure with a 9% weight in an equal-weight ETF. That worked well in ‘22, less so in ‘23 and ’24. We also pick up some additional U.S. exposure via other holdings/managers. We recently added to our market cap exposure in the U.S. as the valuation gap has narrowed.

- We certainly sound stuck on this one. There is simply so much more risk in the market cap index due to concentration. Equal weight provides the portfolio U.S. exposure with less concentration.

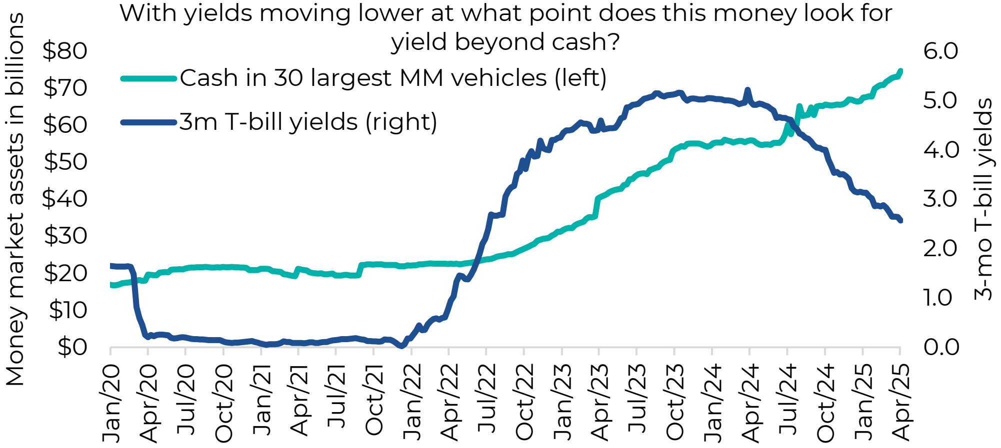
- Top – As designed, the equal weight is holding up better during this current period of market weakness. We continue to be confident this tilt will work out.

- Bottom – In 2023 & 2024, earnings growth for Mag 7 was much faster than broader market. However, this fast earnings growth for Mag 7 is forecast to decelerate down to the broader market pace. The Mag 7 continue to trade a higher valuation premium, but admittedly this gap has narrowed to 3x vs a max of 4.6x in February. Overall, our tilt remains equal weight, but that tilt has been reduced slightly.

IX. Why dividends could see strong inflows

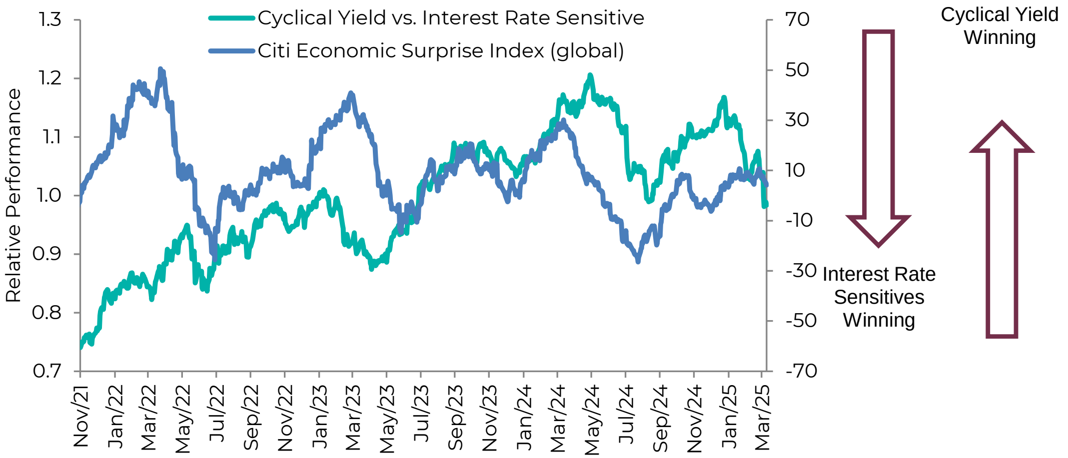
Tsunami of Cash - still out at sea

$74B parked in the 30 largest cash vehicles in Canada.
With yields moving lower at what point does this money look for yield beyond cash?



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

Different markets environments favour different kinds of dividend payers, requiring a more nuanced approach

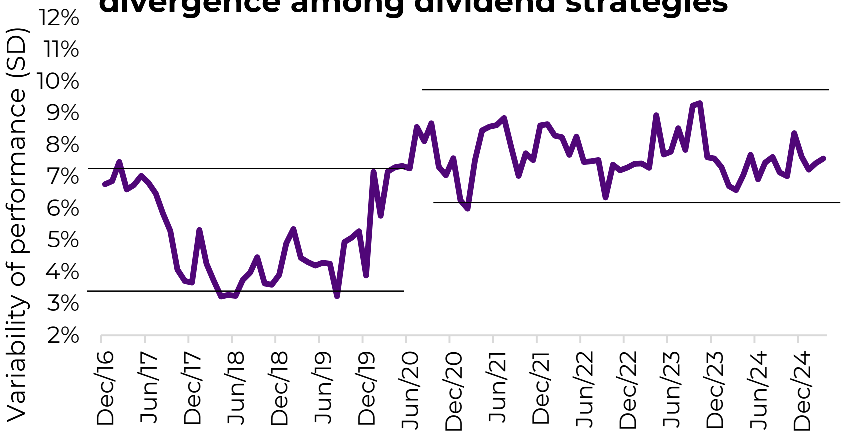


Source: Bloomberg, Purpose Investments
Cyclical Yield & Interest Rate sensitive indices are based on GICS sub-industries historical correlation to Canadian bond yields. Interest rate sensitive are those with a higher correlation, cyclical yield those sub-industries with a lower correlation

1/3 of equity allocation are dividend focused strategies

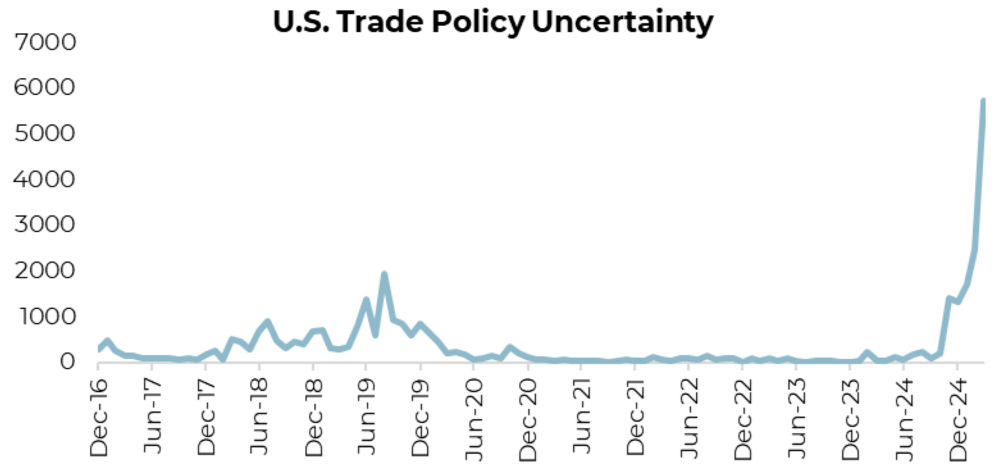
- TL– There are many billions sitting in cash vehicles, accumulated over the past few years. At what point will falling yields start those dollars looking elsewhere for yield as well as a way to step back into an oversold market? Dividend factor should be a large beneficiary when this starts. It also has a history of outperforming during periods of slowing economic growth and recessions.
- BL – interest rate sensitive dividend payers have held up much better during this period of market weakness, while cyclicals have not. This has less to do with slowing economic growth and more to do with tariff concerns, and a risk-off market mindset.
- In our N. American dividend strategy we have been taking some profits in defensives and picking up bits of the cyclicals, that appear oversold. Overall, we are currently 43% interest rate sensitive and 57% cyclical yield.
- BR – But not all dividends are being impacted the same. This has led to higher divergence among dividend strategies. Those able to adapt have done better than plain vanilla index huggers. The recent uptick in bond volatility corresponds with an increase in dividend mandate divergence

Changing yield world is leading to greater divergence among dividend strategies

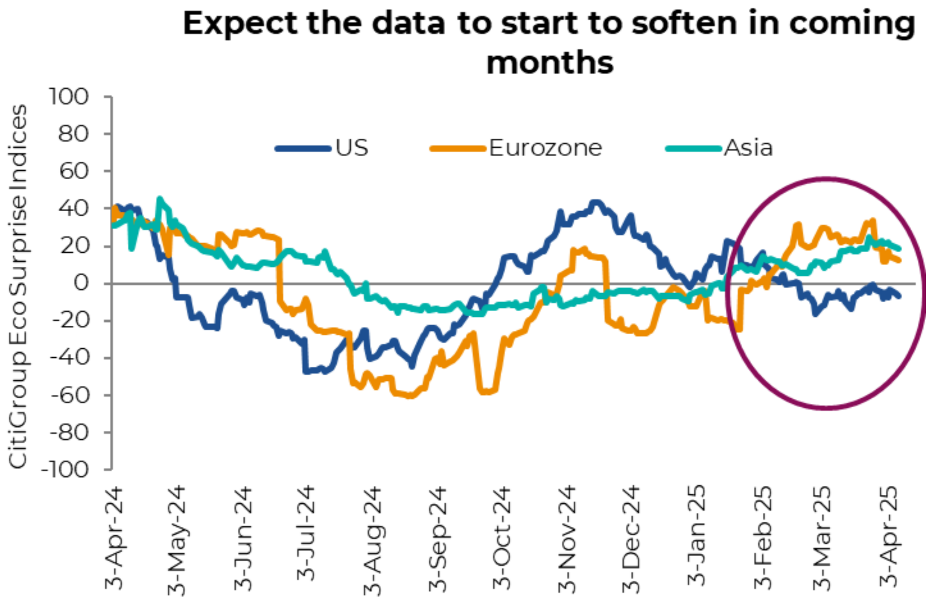


Source: Bloomberg, Purpose Investments

X. Why duration of 6.0



Source: Bloomberg, BB&D, Purpose Investments

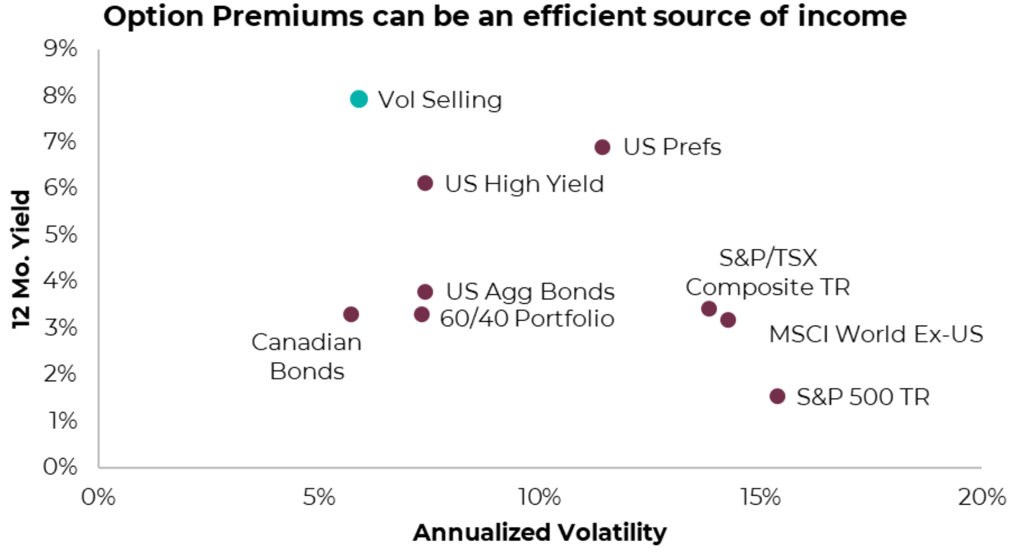


Source: Bloomberg, Citigroup, Purpose Investments

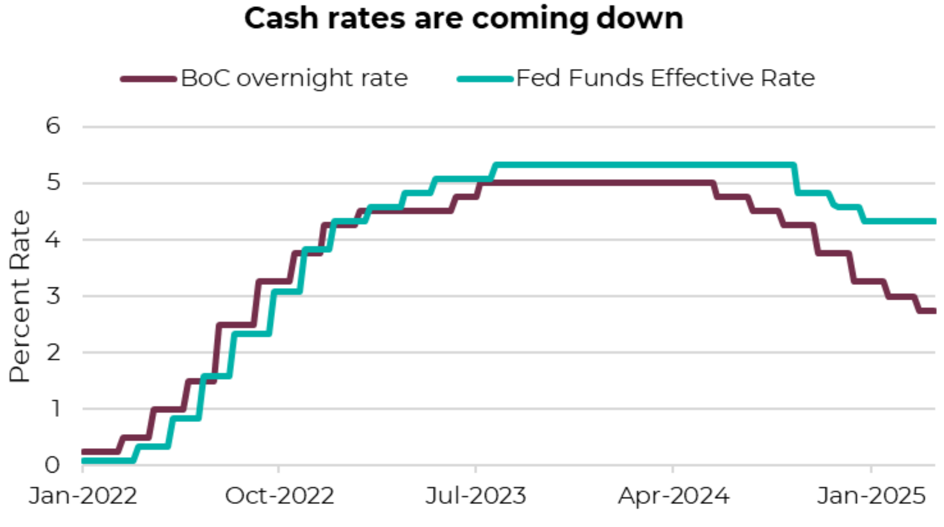
Purpose Active Balanced	Current Position	Baseline
Duration	6.0	5.0

- While we are underweight bonds, our current duration is relatively high. Especially compared to our historical duration. And the credit quality it high, with a good allocation to government and investment grade. With the increase in credit spreads recently, this has worked out. They have not risen to a high enough level, to get us interested in lower quality credit.
- Top – Well, trade uncertainty has really surged. Last month this graph already looked parabolic, but now the level has again doubled in a month. There are lots of implications for the economy given the trade uncertainty. Recession risk has increased, and we believe duration would be your friend in that scenario.
- Bottom – so far the data has been ok, with some deceleration in the U.S. and Canada (not on chart). It will take time for the hard data to begin show the true impact on the economy these tariffs will create. Given the amount of inventory building the past few months it may even take a few more months.

XI. Why diversify with yield enhancement



Source: Purpose Investments, Bloomberg, 2016-2025, Weekly Returns, CAD Currency



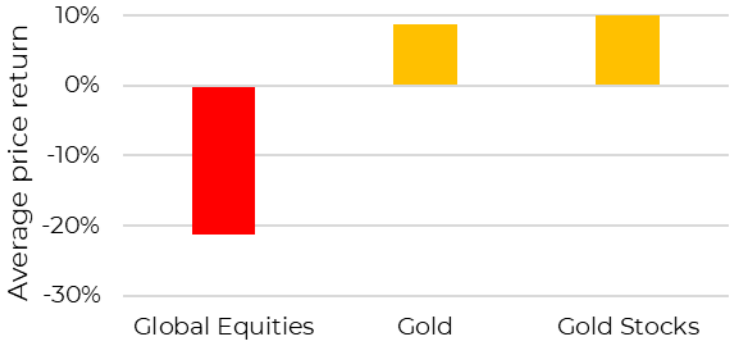
Source: Purpose Investments, Bloomberg

Purpose Active Balanced	% of Portfolio
Options Strategy Weight	4.0%

- The recent market selloff has hit almost all sectors, even defensives. making some traditional "safe havens" less effective.
- Volatility has surged, with the VIX moving as high as 60, a clear sign that investor sentiment has shifted fast, and fear is back in the market.
- Top - In this kind of environment, option premium strategies are especially valuable, they can monetize elevated volatility and generate income while markets find direction. Since 2016 this type of strategy has proven to lower vol and provide a greater yield, outshining many asset classes.
- Cash covered put writing strategies will increase exposure into weakness (natural buy the dip), and harvest elevated premiums, while managing the downside.
- The current elevated volatility and wide price swings create opportunities for this type of strategy to add value through opportunistic re-entry points and consistent income generation.
- Bottom - Plus, higher vol means juicier premiums, so you're getting paid more if things remain volatile. Meanwhile, with growth concerns building, cash is likely to keep paying less and less.

XII. Why Gold

How gold and gold stocks held up during past crisis



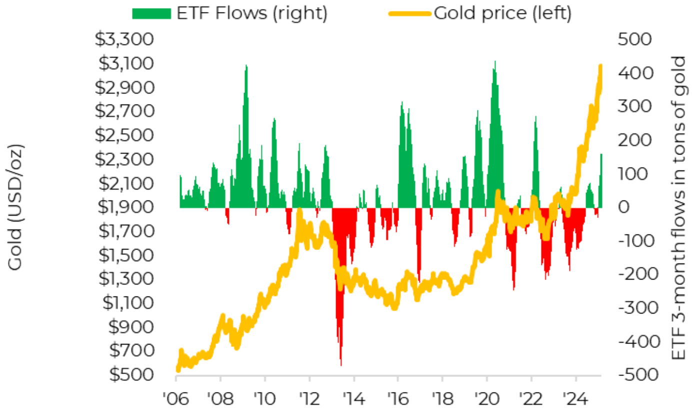
Source: Bloomberg, Purpose Investments

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 - Ongoing

Purpose Active Balanced	% of Portfolio
Gold Bullion	4.5%

- Top – Gold remains a core portfolio staple, offering valuable Crisis Alpha during periods of heightened uncertainty, evident again during the recent market jitters tied to renewed Trump trade concerns. Notably, gold bullion has delivered.
- BL – ETF flows into gold have started to pick up in recent months, riding the wave of gold's breakout above $3,000/oz. And it's not just a North American story, China's seeing strong inflows too, with total ETF size doubling over the past year.
- Bottom – Throughout this period of market weakness we have seen a weaker USD, not all that common with risk off periods. Could be a sign that there is some possible decline in the confidence of the dollars ability and investors are looking elsewhere for stability. If USD continues to weaken, should be a boon for the yellow metal.

Gold is finally seeing some inflows

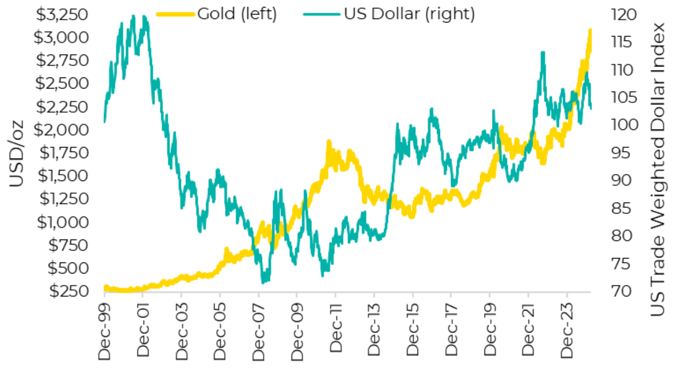


Source: Bloomberg, Purpose Investments

China Gold ETF Flow increasing

Source: Bloomberg, Purpose Investments, USD Currency

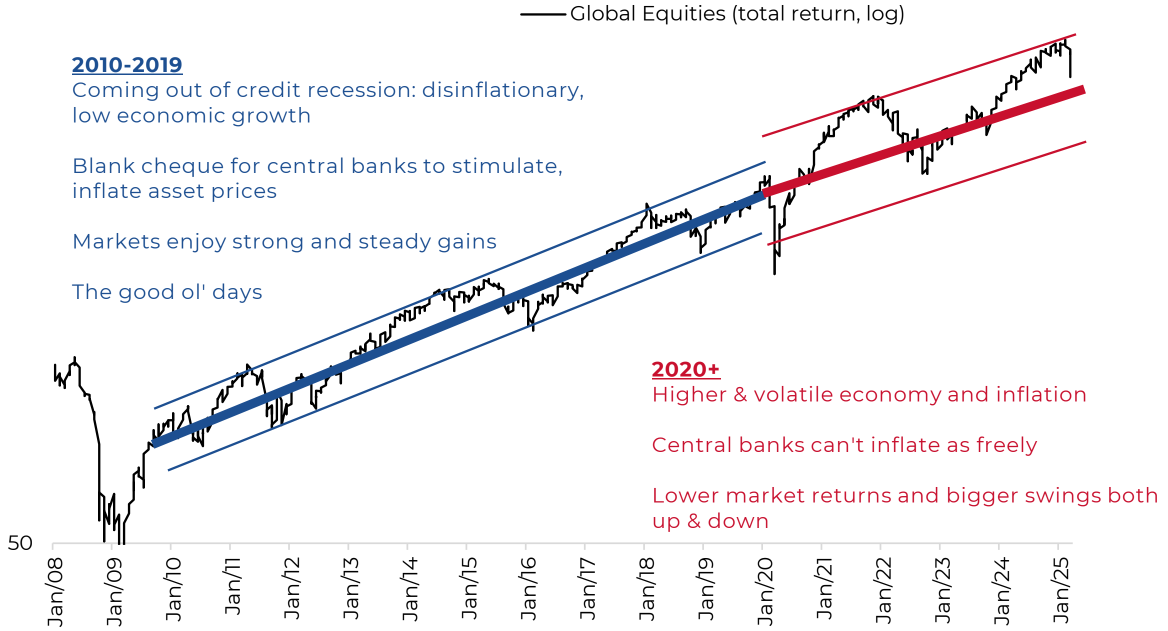
If dollar weakens, good for gold



Source: Bloomberg, Purpose Investments

XIII. Why be tactical

In case you missed the memo, the market has changed



Source: Bloomberg World Equity Index, Purpose Investments

Purpose Active Balanced	% of Portfolio
Rules Based Tactical Allocation	6.5%

- After two strong years for equity markets, we believe 2025 will prove more challenging.
- There are two expected challenges for 2025. The first is the headline noise around policy that is causing a period of market weakness of late. This will likely cause bigger swings, but in either direction. If markets weaken much more, we would expect policy adjustments/tempering to help calm the market. This would be the Trump Put. And could even lead to a strong bounce up.
- Further on during 2025, we expect an economic growth soft patch. Much economic activity was front loaded as companies stocked up or ordered ahead of tariff risk. This may lead to a reversal of activity. Plus all the DOGE efforts could further cause weakness.
- This has us wanting some automatic or rules-based de-risk allocation that can pivot if things start to unravel.