

Purpose “WHY” Report

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

Purpose Macro Investment Team

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8 April 2026

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	Product	YTD	1 Year	3 Year	5 Year	Common Inception
PABF	Purpose Active Balanced ETF	2.4%	14.4%			15.8%
VBAL	Vanguard Balanced ETF Portfolio	0.4%	13.3%	12.2%	7.4%	16.1%
FBAL	Fidelity All-in-One Balanced ETF	0.9%	11.8%	13.9%	9.4%	17.8%
XBAL	iShares Core Balanced ETF Portfolio	0.5%	13.1%	12.4%	7.7%	16.3%

Common Inception Date: 2023-10-24
Source: Morningstar Direct, as of March 31, 2026



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.



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Chief Market Strategist



Derek Benedet
Portfolio Manager



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Portfolio Strategy

Asset Allocation tilts - Why

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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	•		

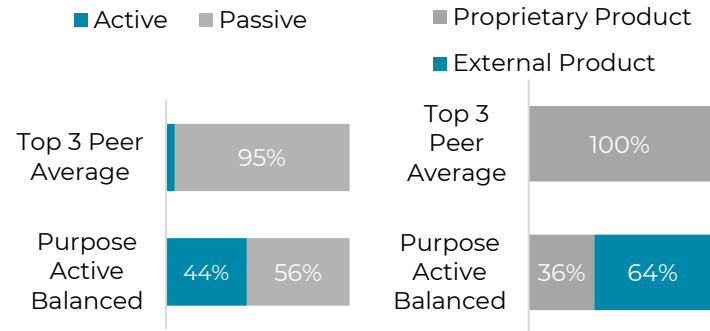
Source: Purpose Investments

Purpose Active Suite

Why Report in Action

	Holding	Ticker	Weight
Cash	CAD Cash	Cad Cash	0.0%
	Purpose Cash Management ETF	MNY	2.7%
	Purpose USD Cash Management ETF	MNU.U	0.0%
Fixed Income	BMO Aggregate Bond ETF	ZAG	4.5%
	iShares Core Canadian Short Term Bd ETF	XSB	7.5%
	iShares Core Canadian Corporate Bd ETF	XCB	5.8%
	Mackenzie Unconstrained Bond ETF	MUB	3.7%
	Purpose Global Bond ETF	BND	3.9%
	BMO MT US IG Corp Bd Hdgd to CAD ETF	ZMU	3.5%
	Purpose Tactical Asset Allocation ETF	RTA	6.3%
	BMO S&P/TSX Capped Composite ETF	ZCN	5.2%
Balanced	Purpose Core Equity Income ETF	RDE	12.5%
	Invesco S&P 500 Equal Weight ETF CAD H	EQLF	8.5%
	Stt Strt SPDR S&P 500 ETF	SPY	1.9%
	iShares Expanded Tech-Software Sect ETF	IGV	2.0%
	Purpose International Dividend ETF	PID	5.5%
	Avantis International Equity ETF	AVDE	5.2%
	iShares Core MSCI EAFE ETF	IEFA	5.4%
North American Equity	iShares MSCI Japan ETF	EWJ	3.8%
	Vanguard FTSE Emerging Mkts All Cap ETF	VEE	3.1%
	Invesco S&P Emerging Markets Low Vol ETF	EELV	2.1%
	Purpose Gold Bullion	KILO	3.6%
	Purpose Premium Yield ETF	PYF	3.3%

Active Where it matters, Objective Throughout

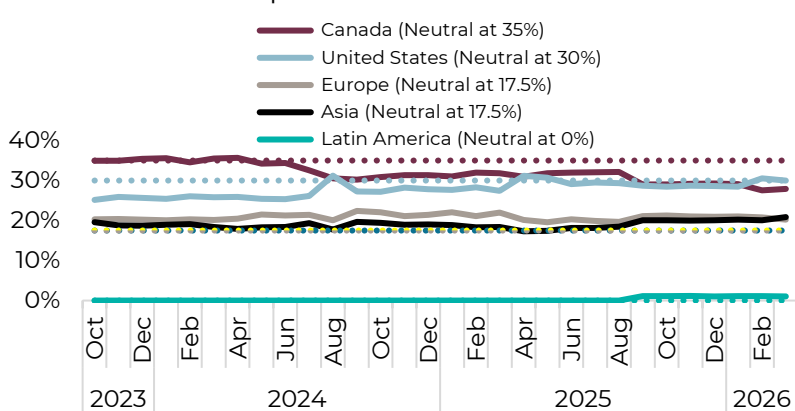


Source: Purpose Investments, Morningstar, as of Most Recent Portfolio Date, For illustrative purposes only. Peer data based on publicly available information. Investment strategies, fees, and objectives may differ.

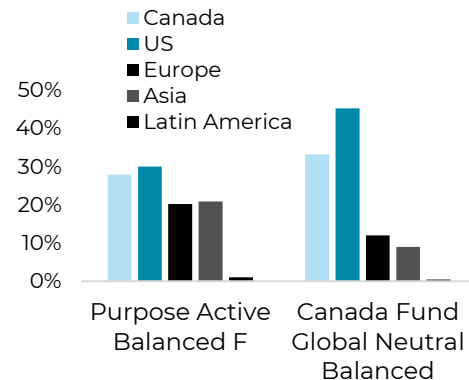
- One-ticket solutions aligned to three risk profiles, Conservative, Balanced, and Growth, with dynamic asset allocation, not static 60/40 mixes.
- TL – Full transparency into our holdings and trade activity is always available, so you can see what you own and why you own it.
- BL – Equity exposures 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.

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

Historical Equity Geographic Exposure Purpose Active Balanced

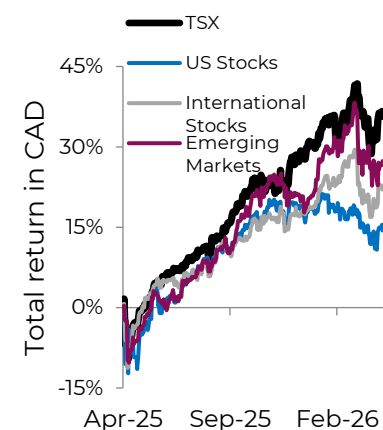


Balanced Portfolio Concentration is Narrow



Source: Purpose Investments, Morningstar, Equity Exposure

Market Growth is Broad



- 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.

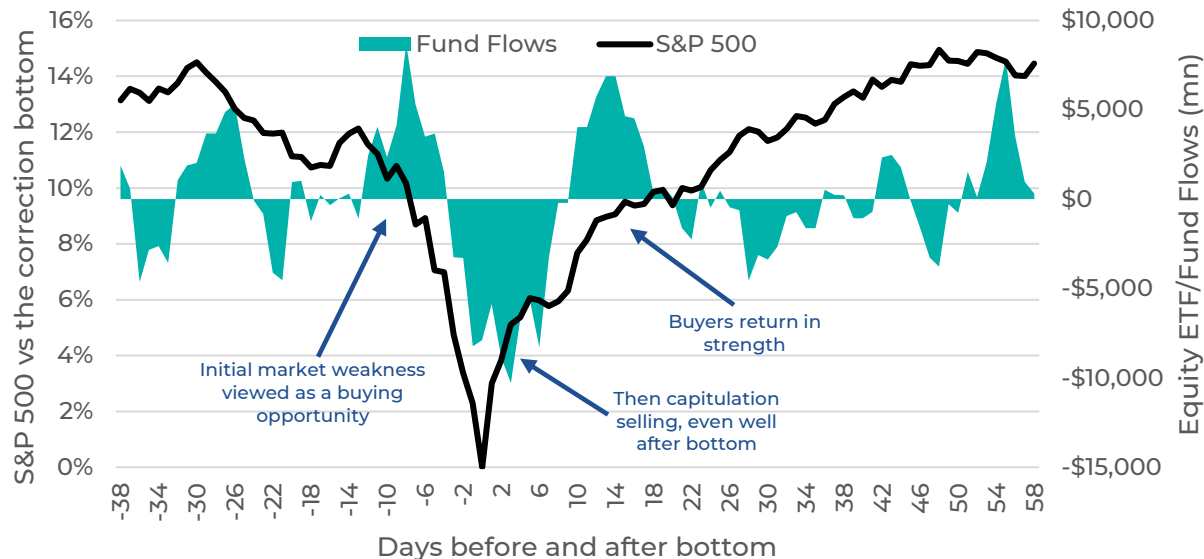
As of 10 Mar 2026



I. Top of Mind

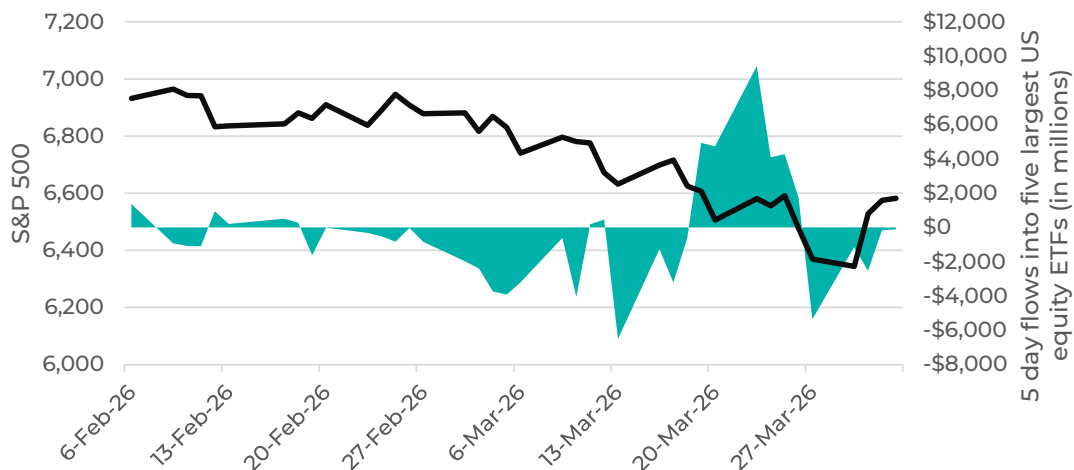
Chart Referencing:
TL = Top Left, TR = Top Right
BL = Bottom Left, BR = Bottom Right

Investor flow behavior during past 11 "Dips"

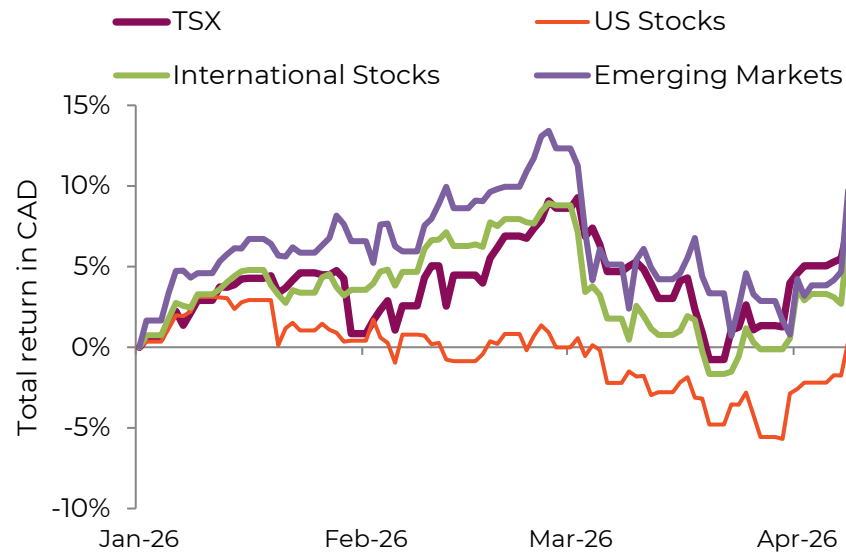


- TL – The average investor flow behavior during the past 11 dips of more than 7.5% is interesting. Initial weakness sees net equity inflows, buying the initial dip. As the dip gets bigger these flows flip to outflows, mostly after the bottom. Then buyers return after much of bounce has been realized.
- BL – While not perfect, monitoring the 5 largest US equity ETFs for more timely flow data, we see initial buying on market weakness. Now some 'mild' net selling. Neither the dip buyers nor capitulators have showed up yet.
- BR – Market says war is over, for now. Likely more twists and turns ahead, but markets may not care as much
- This is a macro news dominated market, swings can be fast. Earnings season starting shortly may have folks look a bit more at fundamentals.

So what are the dip buyers doing now?



Markets say 'all clear'



Source: Bloomberg, Purpose Investments, Five ETFs include VOO, IVV, SPY, VTI & QQQ

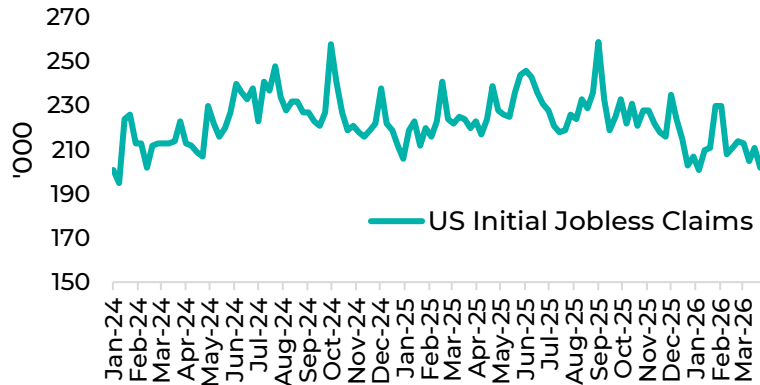
Source: Bloomberg, Purpose Investments



II. Fast Hard Data

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

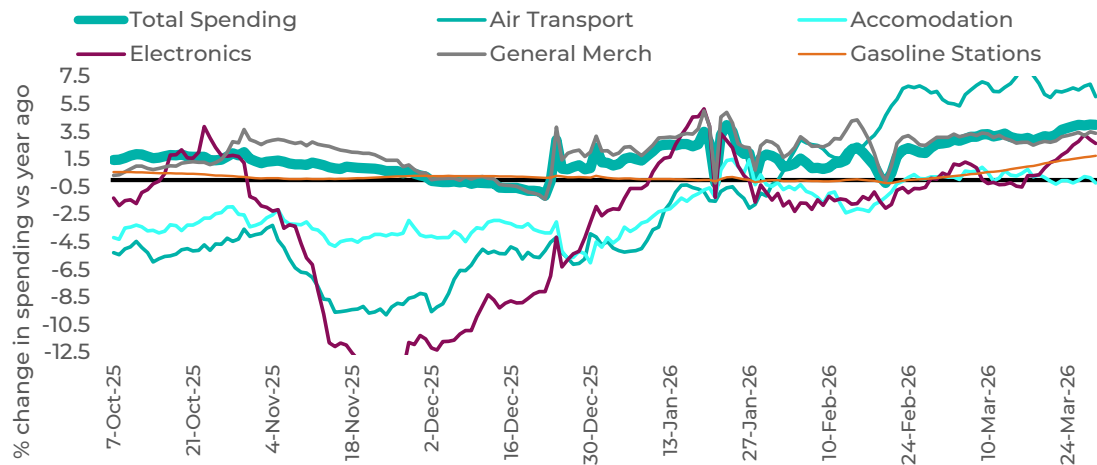
Labour market....not hiring but not firing either



- TL – Labor is really interesting. Claims are low (good), but job gains are non-existent based on non-farm payroll data. While household survey shows material net job losses (if you want to know the differences, just ring me). Wages are up (good), job postings down. This tenuous labor situation isn't new.
- BL – Despite soft labor, the U.S. consumer keeps spending. That being said, gasoline spending is driving this uptick, which means the consumer is not changing other spending due to high gas prices just yet.
- BR – Very little economic data will show the impact of the conflict just yet, but it will start to show up. So much about the future depends on this chart.

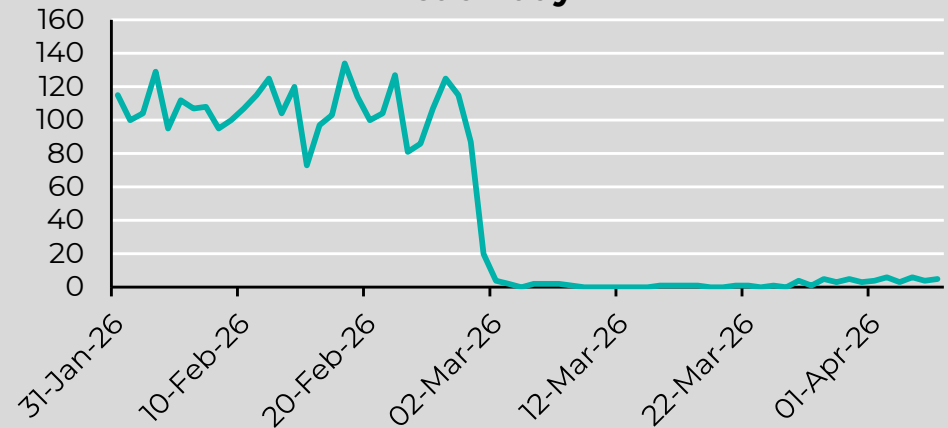
Source: Bloomberg, Purpose Investments

US Consumer spending firming



Source: Bloomberg, Purpose Investments

Number of vessels crossing Strait of Hormuz each day



Source: Bloomberg, Purpose Investments



III. Market Cycle

Reasonably Constructive

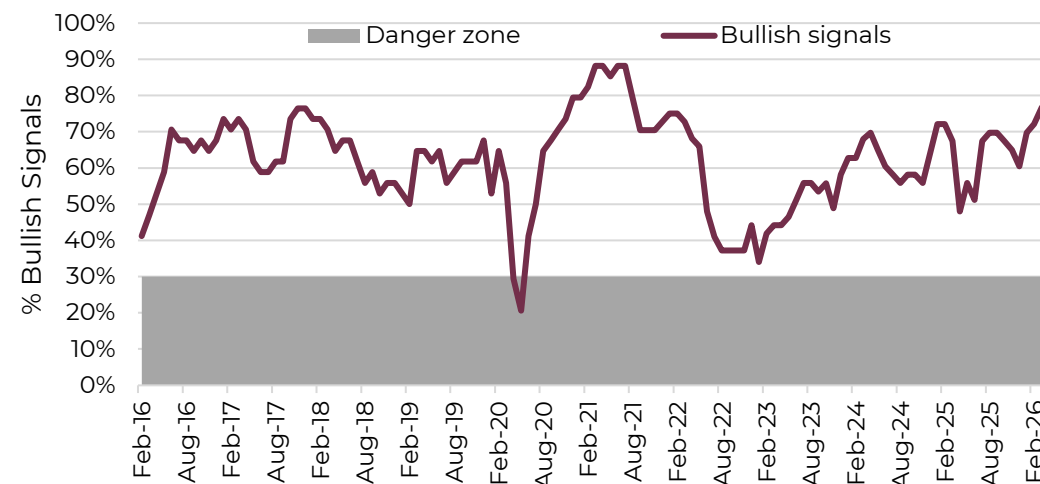
Market cycle indicators				Better/ Worse				Better/ Worse			
Grouping	Metric	🐘	🐘	2 / 1	Grouping	Metric	🐘	🐘	4 / 4		
Rates	Net Cuts	✓		-	Global Economy	Global PMI	✓		+		
	Yield Curve	✓		+		Copper (6m)	✓		-		
	Yield Curve 3m	✓		+		DRAM (3m)	✓		-		
US Economy		🐘	🐘	8 / 11		Oil (3m)	✓		+		
	Leading Ind (3m)	✓	✓	+		Commodities (3m)	✓		+		
	Leading Ind (6m)	✓	✓	-		Baltic Freight (3m)	✓		+		
	Phili Fed Coincident	✓		-		Kospi (2m)	✓		-		
	Credit (3m)	✓		+	Fundamentals	EM (2m)	✓	✓	-		
	Recession Prob (NY Fed)	✓	✓	-		US: PE	✓	✓	+		
	Recession Prob (Clev Fed)	✓	✓	-		US: EPS Growth	✓		+		
	Citi Eco Surprise	✓		+		US: EPS 2FY v 1FY	✓		+		
	GPD Now (Atlanta Fed)	✓	✓	-		US: 3m EPS Revision	✓		+		
	US Unemployment	✓		+		Canada: PE	✓	✓	+		
	Consumer Sentiment (3m)	✓		-		Canada: EPS Growth	✓		+		
Manufacturing	PMI	✓		+		Canada: EPS 2FY v 1FY	✓		-		
	PMI New Orders	✓		-		Canada: 3m EPS Revision	✓		+		
	Energy Demand (YoY)	✓		-		International: PE	✓		+		
	Truck Demand (YoY)	✓		+		Int: EPS Growth	✓		+		
	Rail (YoY)	✓		-		Int: EPS 2FY v 1FY	✓		-		
Housing	Starts (1yr)	✓		+		Int: 3m EPS Revision	✓		+		
	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 remain supportive of markets.
- Yield curve steepened, although not sure that is a good thing as it is more on inflation / deficit risks, not rising economic momentum. GDP Now also deteriorated to flip bearish. It had been trending lower for a while.
- Supportive overall but war and energy is likely going to start showing up in the data.

Market cycle indicators - pretty good



Source: Purpose Investments, Bloomberg



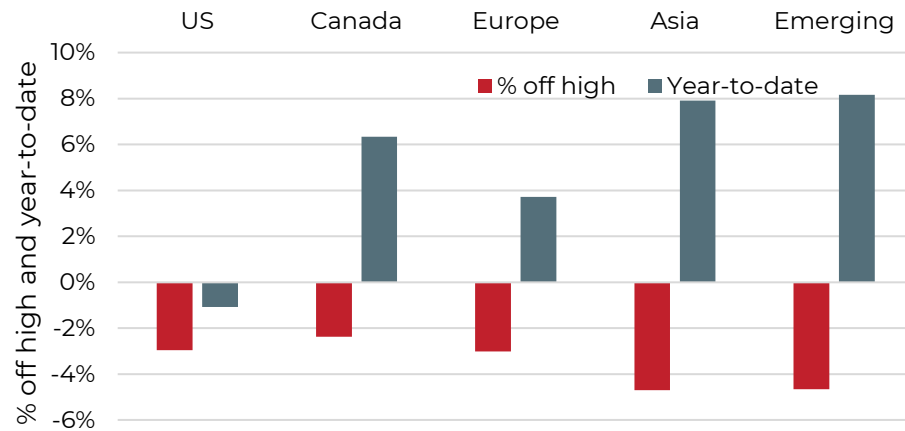
IV. Why now neutral on equities, underweight bonds, overweight cash & diversifiers

Equities

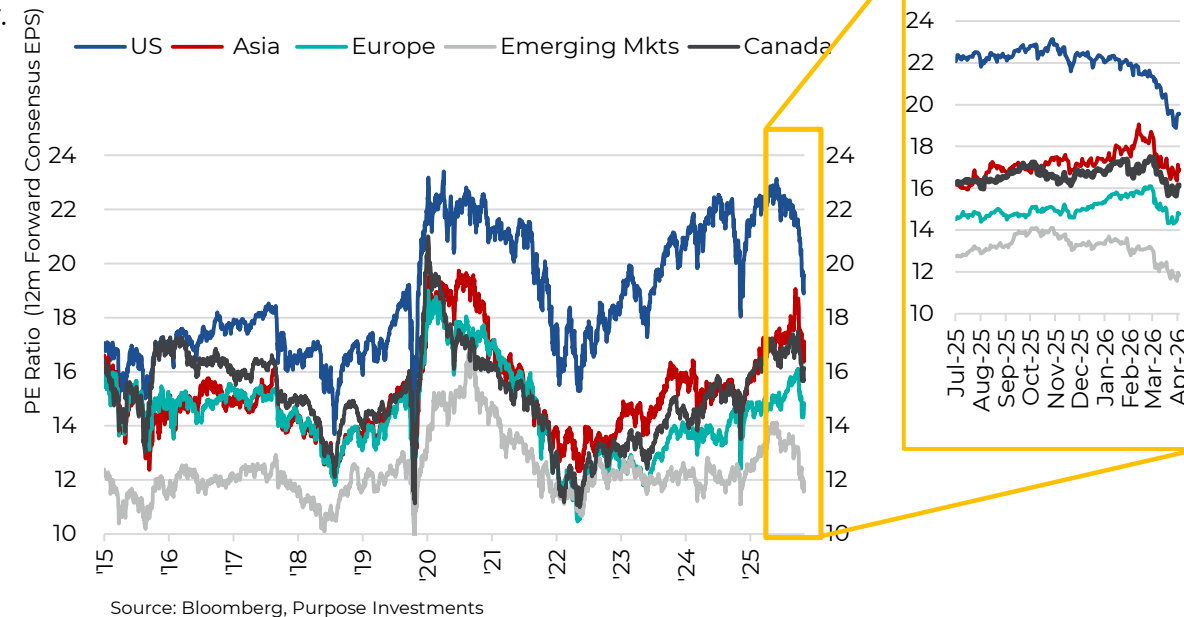
- More adding to equities in March on weakness, and cash brought down a bit. We added to international equities as those markets have been hardest hit. Still plenty of dry powder should markets get worse.
- BR – Earnings estimates remain healthy as revisions are positive. Which means the drop in markets has caused valuations to come down nicely. The S&P is now below 20x, EM back down to 12x. The spike in valuations for international, caused mainly by strong price gains, have come back down.
- BL – The thing holding us back from getting more bullish on this pullback is its magnitude. Sure markets are softer but even as of April 3, most major markets are still in the green for 2026.
- Out gameplan remains – if we see significant weakness, likely a buying opportunity. Which we have acted on in February and March. Maintain enough defense so pivoting remains attractive. This sure is an interesting year for markets so far.

Purpose	Active	Balanced	Current Position	Baseline
Cash			5.4%	2%
Bonds			29.6%	36%
Equities			57.8%	57%
Diversifiers			6.9%	5%

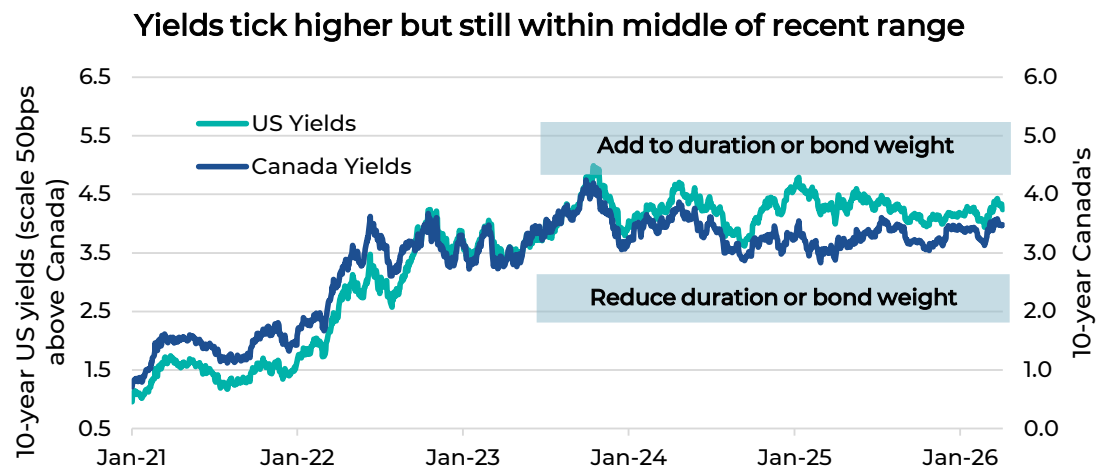
Equity markets only down a bit now



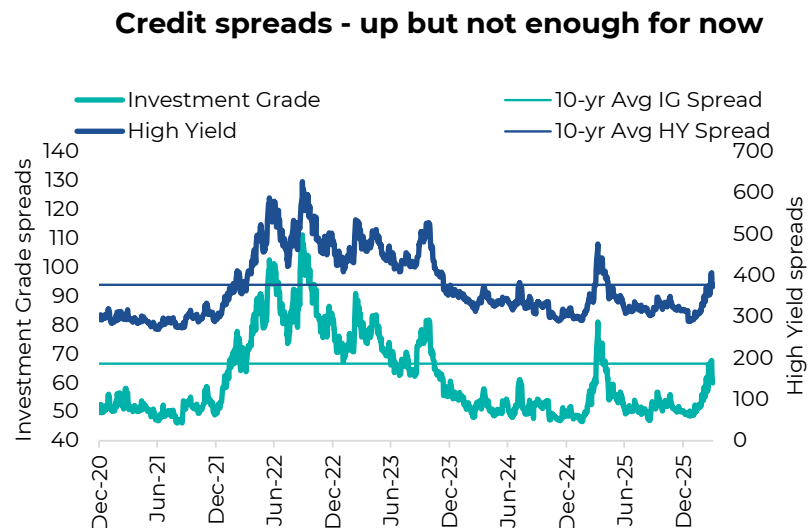
Valuations - International is still cheaper, although the spread has narrowed



IV. Why now neutral on equities, underweight bonds, overweight cash & diversifiers



Source: Bloomberg, Purpose Investments



Source: Bloomberg, Purpose Investments

Purpose	Active	Balanced	Current Position	Baseline
Cash			5.4%	2%
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Bonds

- TL – Bond yields have moved up a bit from lower levels since the start of the conflict. This is on the back of an expected inflation lift due to higher energy prices and concerns over increased deficits.
- Not overly surprising that market weakness caused by geopolitical risk centered around oil supply is seeing bonds not prove very defensive. Bonds work best if it's an economic or earnings growth scare. This may evolve into one but for now inflation is bigger near term risk.
- As such this uptick in yields is not material enough to entice us to add.
- BL- Credit spreads are starting to look a little more interesting having risen back to longer term averages. Add higher base yields + higher spreads, US High yield yielding around 7.5% is notable. But with all the private credit news slow, being more patient.

Cash & Diversifiers

- Our overweight in cash and diversifiers was softened due to cash usage to buy dips. This highlights the optionality of the portfolio to potentially take advantage of price misallocations.

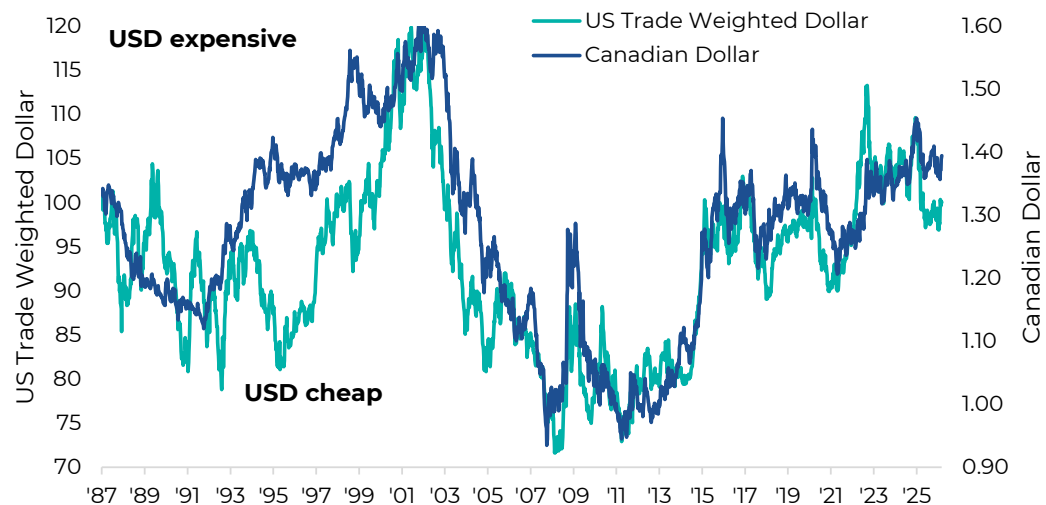
V. Why partial hedged USD

Canadian Dollar - lower end of range



Source: Bloomberg, Purpose Investments

USD is still on the expensive side



Source: Bloomberg, Purpose Investments,

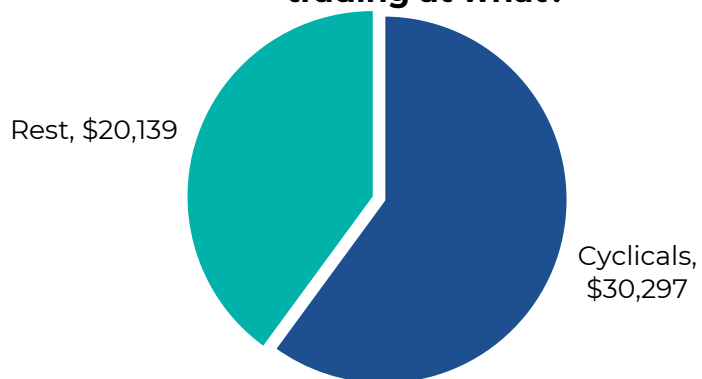
Purpose Active Balanced	Hedged
% of US Equity	49%
% of US Fixed Income	57%

- We generally like US dollar exposure (aka unhedged U.S. positions) because of the safe haven characteristics of the global reserve currency and repatriation flows during times of trouble. BUT, this view is softened because 1) we are mildly bearish on USD, 2) policy flip floppery has eroded global confidence on the margins and 3) it is expensive still.
- Top – The US dollar is strengthening on the rising geopolitical risks, even if triggered by US policy. Despite Canada’s energy tilt, the CAD has softened as a result. If this moves much more, could be good time for hedging.
- We do remain mild USD bears and maintaining partial currency hedges on US denominated assets.
- 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.



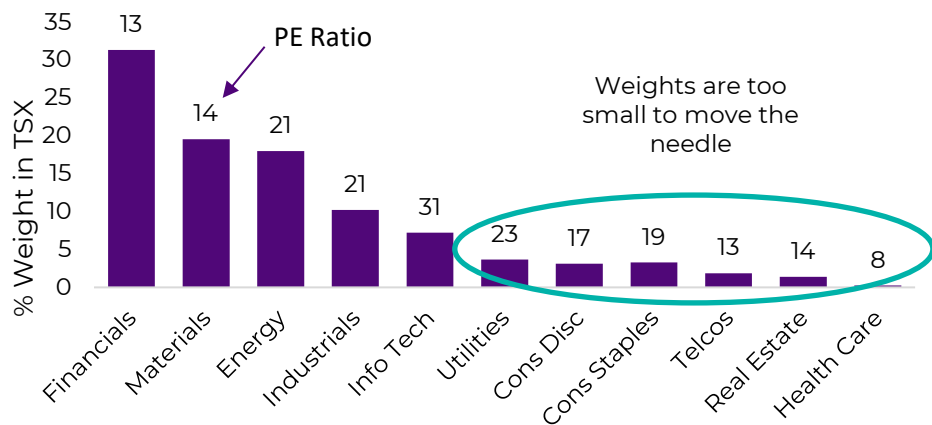
VI. Why equity exposure is: 1) underweight Canada

TSX 2026 earnings growth is mainly from highly cyclical earnings....and the TSX is trading at what?



Source: Bloomberg, Purpose Investment, Consensus estimates next 4Qs vs last 4Qs, in millions

What could drive TSX in 2026?



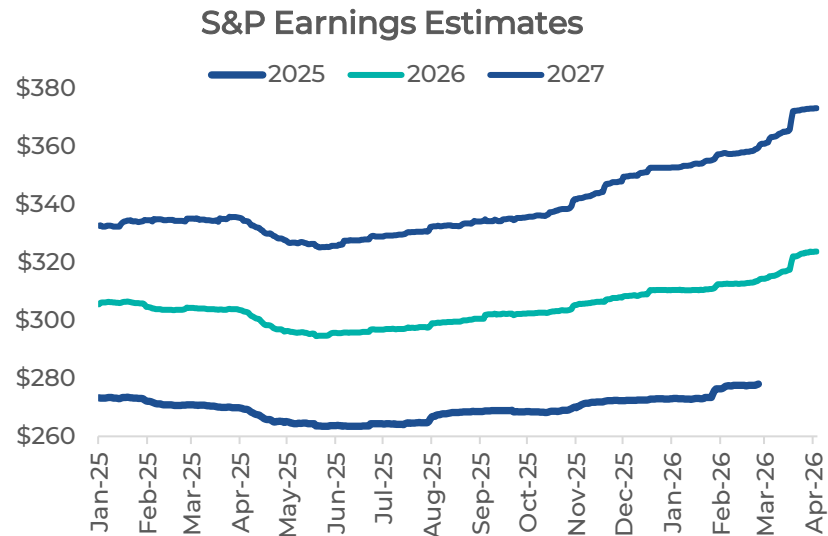
Source: Bloomberg, Purpose Investments

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

- We are a bit lighter on Canadian equity, after taking some profits late in 2025. Valuations are a bit stretched especially given most earnings growth is coming from the more cycle parts of the market, namely energy and materials.
- We just don't want to pay up for highly cyclical earnings.
- 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 had been more constructive on to start the year. But they have both run pretty hard, even with no progress USMCA.
- Energy – had been up strong year-to-date then conflict helped push higher. We did reduce some energy exposure in our dividend strategy right after hostilities broke out. Now with peace (maybe), likely giving some back.
- Industrials – USMCA renegotiations may create a dip which would make the sector more attractive.
- While underweight, at 28% it is still a healthy Canadian equity weight.

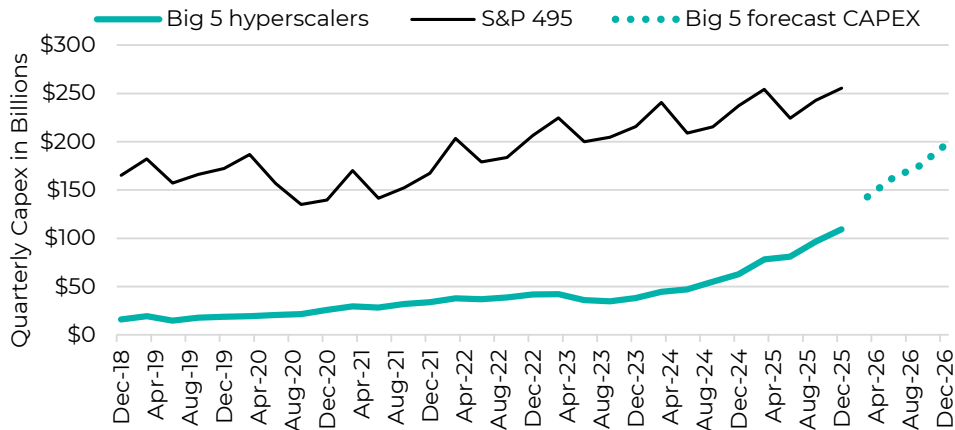
VII. Why equity exposure is: 2) equal weight US

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



Source: Bloomberg, Purpose Investments

Capex boom is very market & economic friendly



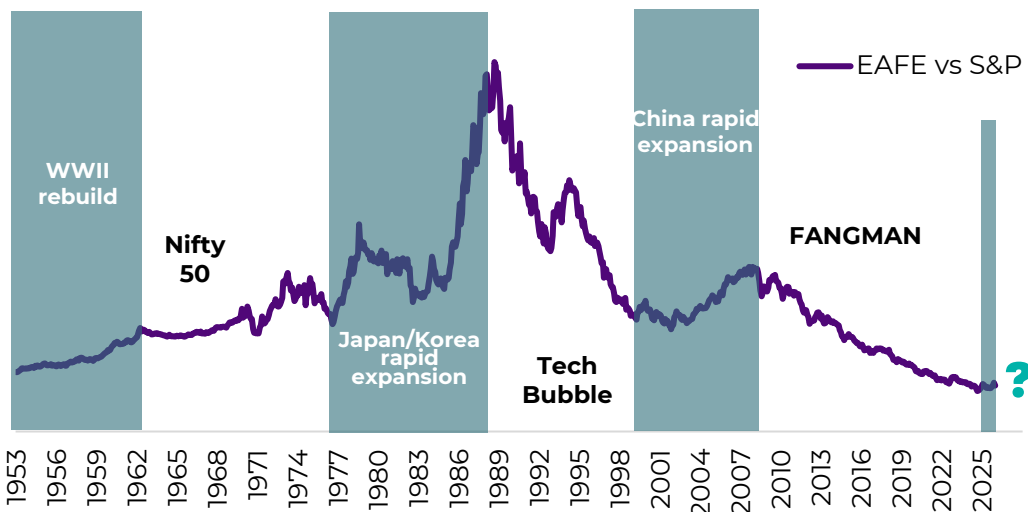
Source: Bloomberg, Purpose Investments, Hyperscalers include AMZN, MSFT, GOOGL, META & ORCL

- We are roughly equal weight U.S., albeit our baseline is a bit less than most peers. Again, don't care about peers but worth noting.
- U.S. is trading around 20x forward estimates, which is a bit more reasonable than quarters past. U.S. market has pulled back along other markets, yet earnings continue to see positive revisions. One of those is right. We would say the earnings may be a bit suspect and earning season guidance will be critical in April.
- Top – Earnings estimates have been steadily revised higher since last 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 few months ago it was \$150B forecast for Q4 2026, now its \$195B. 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.
- However, we did put on a shorter-term trade in U.S. software in February, that increased our U.S. exposure.



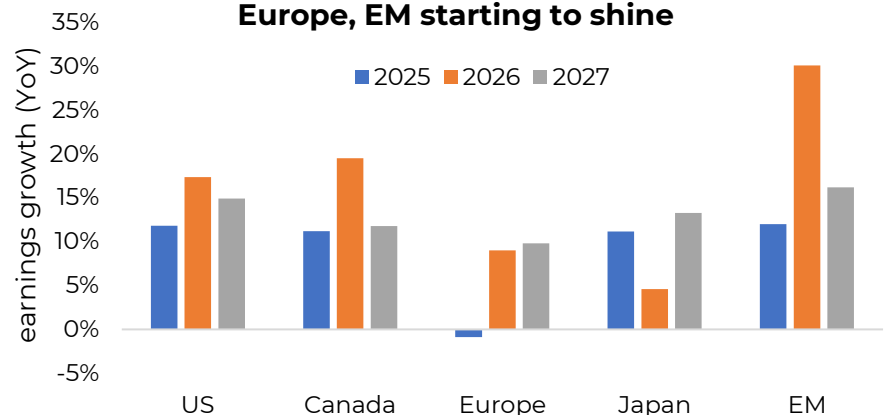
VIII. Why equity exposure is: 3) overweight International

New signal or just noise?



Source: Bloomberg, Purpose Investments

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



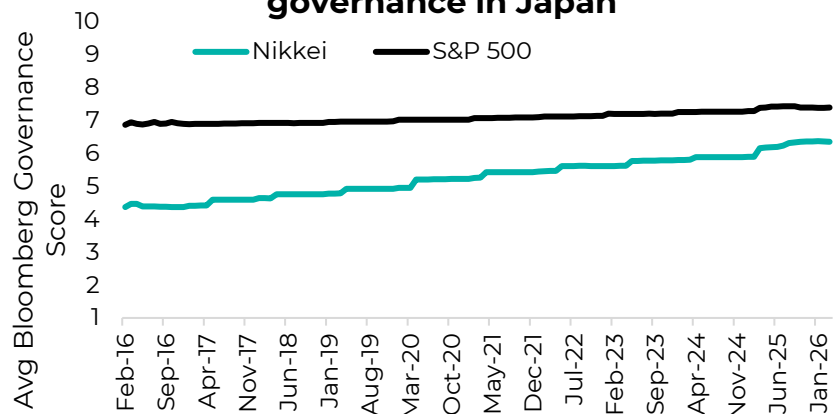
Source: Bloomberg, Purpose Investments, local currency except for Emerging Markets is USD

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

- Top – If leadership has changed, this could go on for a long time if history is any guide. Especially since the US had dominated for such an extended period.
- This recent bout of weakness due to the conflict in and around Iran has weighed more heavily on international equities. This has lowered the valuations a little.
- BL – 2025 earnings growth is most improved in Canada, EM and Japan. Earnings growth has truly gone global and this does explain much of relative performance. 2026 bodes well for Canada (albeit lower quality earnings), Europe and EM. Overall, earnings growth in 2026 does appear to be improved on the international side of things.
- 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.
- We did see enough weakness on the international side, and added to our overweight in March.
- The world is still overweight American and underweight international
- Rising fiscal spending globally should continue to help economic growth
- Internationally regulation & corporate philosophy continues to become more shareholder friendly

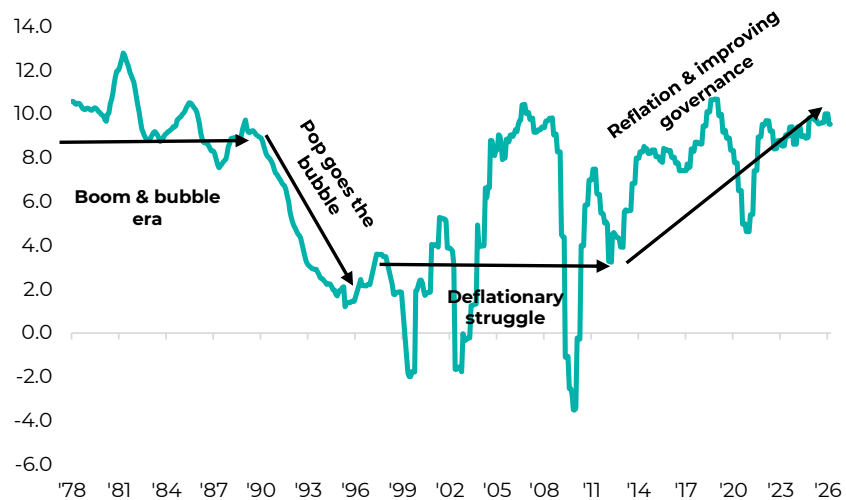
IX. Why overweight Japan

Steadily improving corporate governance in Japan



Source: Bloomberg, Purpose Investments

Japan Return on Equity over the ages



Source: Bloomberg, Purpose Investments

Purpose	Active	Balanced	Current Position	Baseline
			12.2%	8.0%
Japan				

Baseline is based on Japan exposure in 35% EAFE baseline allocation

We have more Japan exposure than most peers, and added a bit more in March. Our current positions that have some Japanese equity exposure include ADVE (23%), IEFA (25%), PID (16%) & EWJ (100%) totaling out to 12.5% of our overall equity exposure.

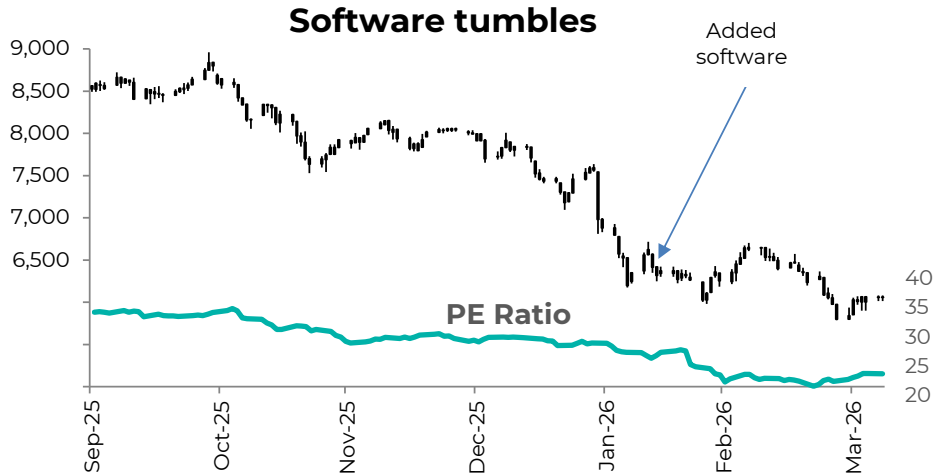
It has worked out well, we constantly revisit our rationales and here is our current thinking

1. The yen is still very cheap 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 (top) 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.
3. We have been seeing steadily improving ROE (bottom), which is helping re-rating the market.
4. 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 have taken a step back on the geopolitical/energy concerns of late. We still remain positive on this tilt.



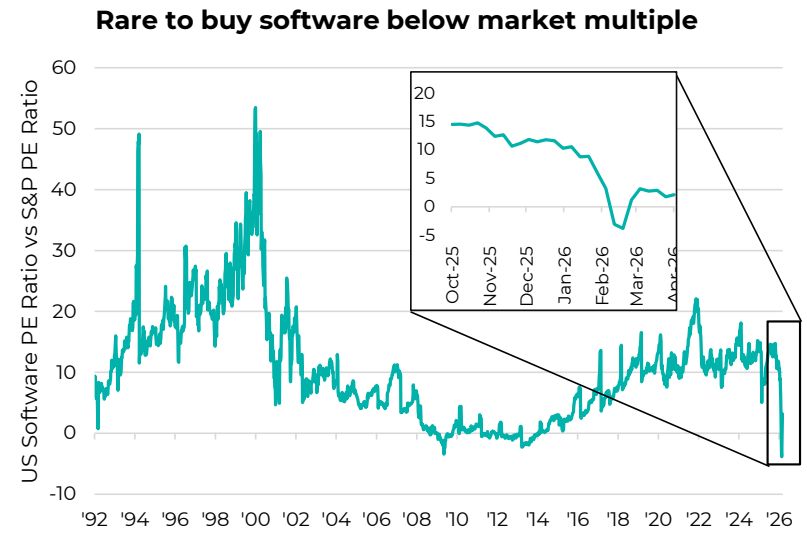
X. Why tactical trade in software



Source: Bloomberg, Purpose Investments

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

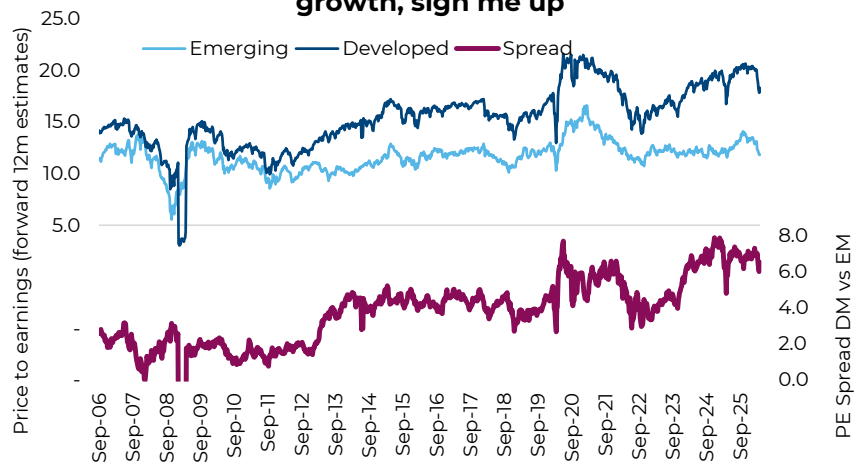
- The software sector has been hammered on concerns AI is going to disrupt many of the business models. Compounding the impact was the nosebleed valuations at the start of the sell-off. We are talking a 20-25% drawdown (albeit from elevated levels) with a valuation contraction from 35x to 21x. Believe 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 21x, as there was a time long ago software traded 12-14x. However, 21x 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.
- This shorter term trade worked out initially but war weighed on overall market. As we head into earnings season, there should be some clarity on fundamental impact. Which we believe could see a bounce.



Source: Bloomberg, Purpose Investments

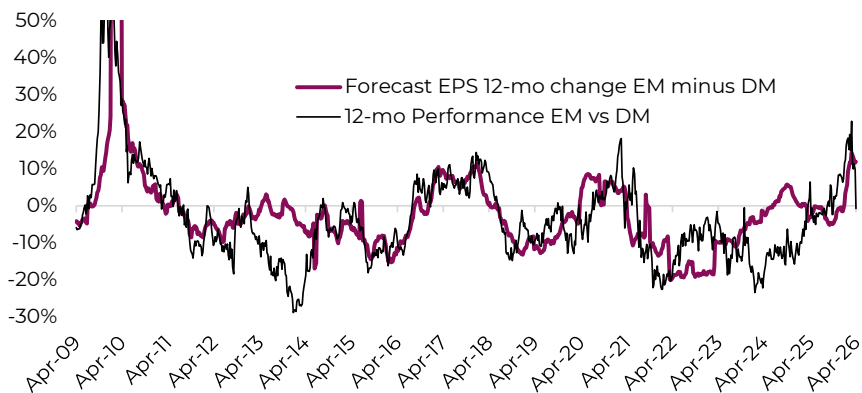
XI. Why overweight emerging markets

Materially cheaper valuations + faster earnings growth, sign me up



Source: Bloomberg, Purpose Investments

EM earnings growth accelerating faster than DM

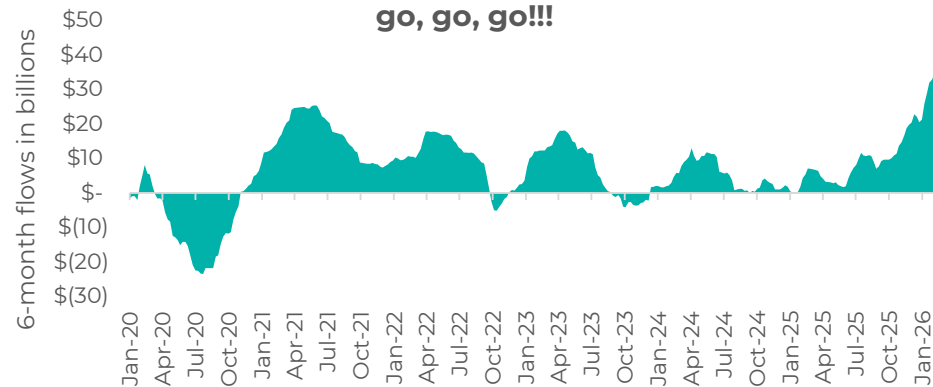


Source: Bloomberg, Purpose Investments

	Purpose Active Balanced	Current Position	Baseline
Emerging Markets		8.9%	5%
Developed Markets		91.1%	95%

- Emerging markets have been hit a bit more than other markets from the outbreak of hostilities. If we didn't already have a full overweight, we would be adding as our long-term thesis remains. Plus our base case for hostilities is not a drawn out situation, at least from a 'market caring' perspective.
- TL – The valuation gap between emerging and developed markets remains historically high, almost 6 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. In fact, look at how well it fits with earnings growth accelerating recently for EM. With recent weakness in EM shares, still with better earnings growth, this is likely a good setup for the balance of 2026.
- 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.

Same as last month, inflows keep accelerating.... go, go, go!!!

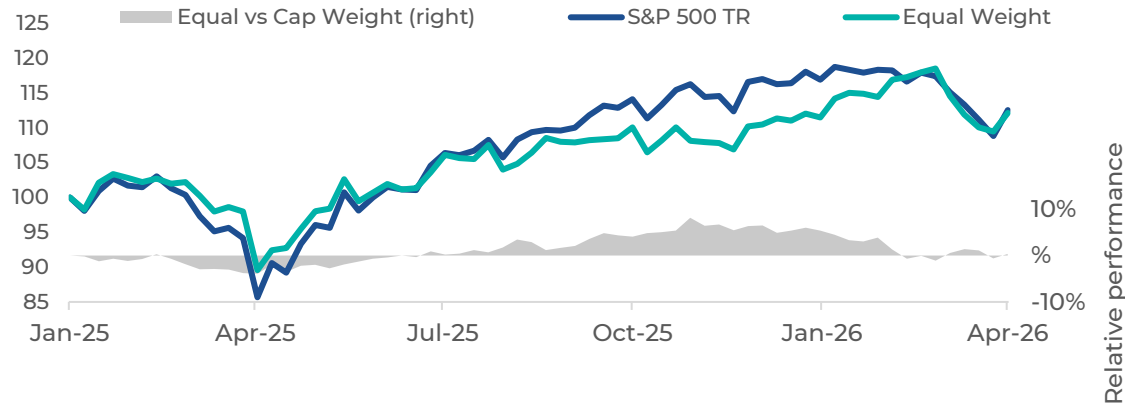


Source: Bloomberg, Purpose Investments, 5 of the larger US listed Emerging Market equity ETFs (IEMG, VWO, EEM, SPEM, EMXC) constant pricing



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

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

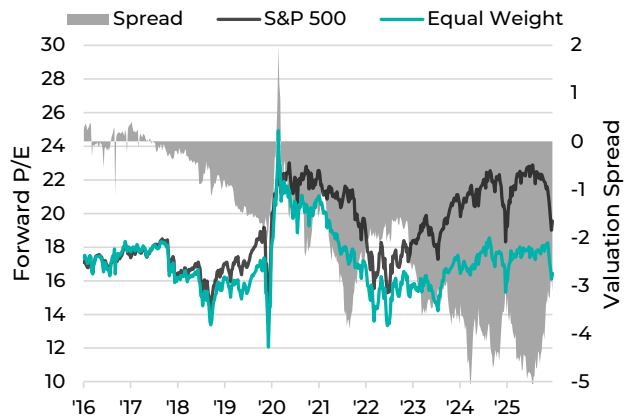


Source: Bloomberg, Purpose Investments

Purpose	Active	Balanced	Current Position	Baseline
US Equities			30%	30%
	Equal Weight		8.5%	
	Market Cap Weight		2%	
	Indirect		19.5%	

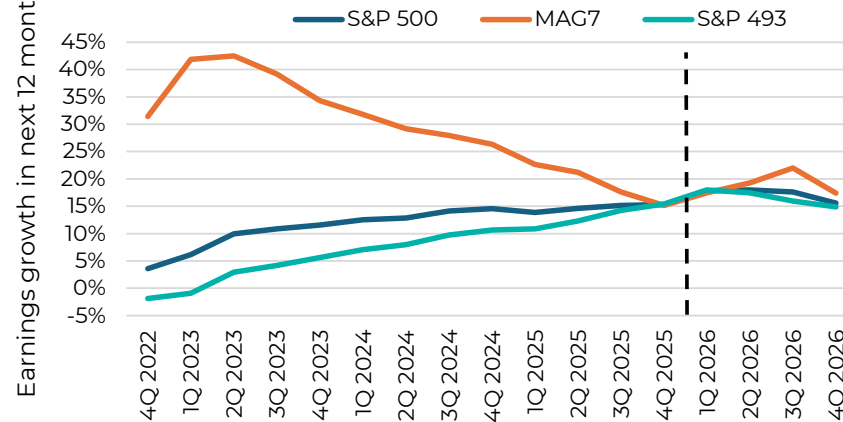
- We are roughly market weight for U.S. but have a more defensive tilt, using more equal weight exposure. This is complimented with a small market cap weight position and indirect exposure via manager positions in U.S. equities. These positions do have a decent amount of large cap tech names.
- This equal weight still has not performed well last year but is starting to work more recently.
- 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.

Valuation gap still favours equal weight



Source: Bloomberg, Purpose Investments

MAG7 likely not growing fast enough to support \$20 trillion market cap



Source: Bloomberg, Purpose Investments

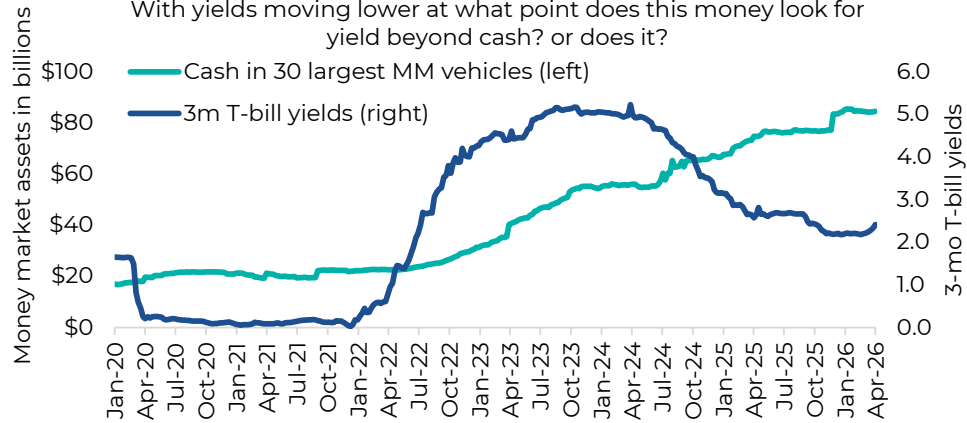


XIII. Why dividends are awesome

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?

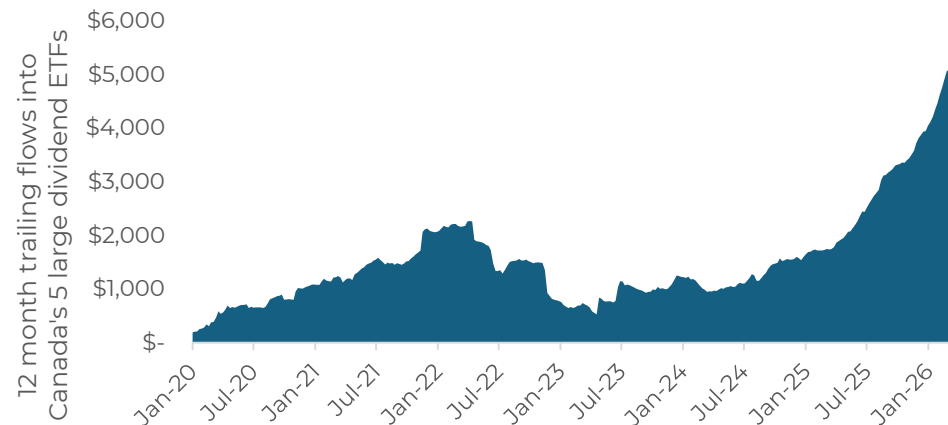


Source: Bloomberg, Purpose Investments, sample of largest 30 money market funds & ETFs & HISAs

Over 1/3 of equity allocation are dividend focused strategies

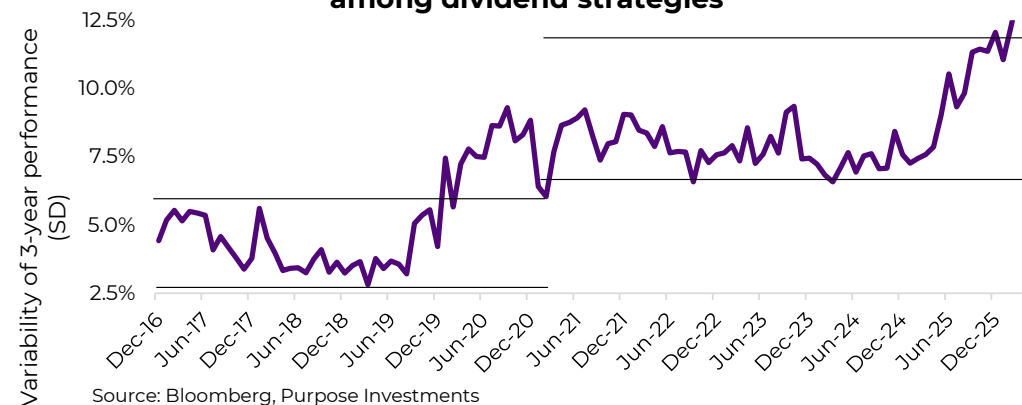
- TL- Cash vehicles, HISAs, money market funds, hoovered up cash in 2022 and 2023. Now with short yields coming down making cash less attractive, and inflows flatlined. Yet there was just a recent jump higher, perhaps investor defensiveness? We do think cash has become less compelling and dividend factor 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

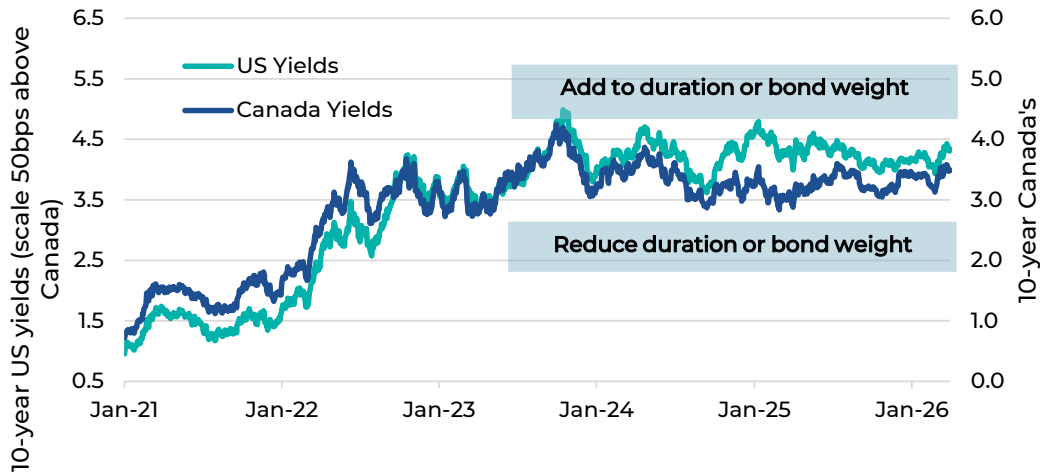


Source: Bloomberg, Purpose Investments
Index is based on variance of performance among a selection of 20 of the largest ETF & Funds with a dividend focus



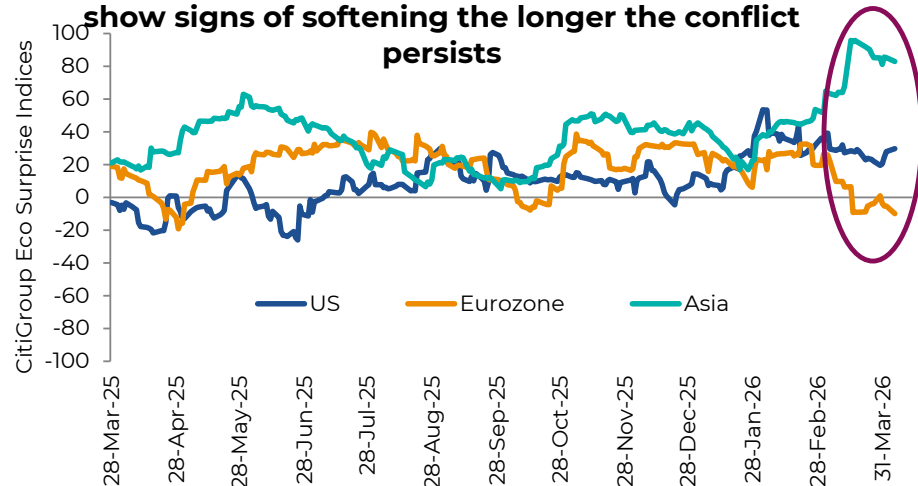
XIV. Why duration of 4.7

Yields tick higher but still within middle of recent range



Source: Bloomberg, Purpose Investments

The economic data has held up so far but may show signs of softening the longer the conflict persists



Source: Bloomberg, Citigroup, 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 last September as bond yields have come down. Credit quality is high, with a good allocation to government and investment grade. Yields have moved higher on the potential inflation impact of elevated oil prices due to the conflict. Plus some added concern over deficits, those missiles ain't cheap. Yields are not high enough for us to lean in at this time.
- BL – Economic data is good, but certainly view with a skeptical lens. The longer the conflict persists, the more it will weigh on data in coming months.
- Given underweight and moderate duration, we feel comfortable.

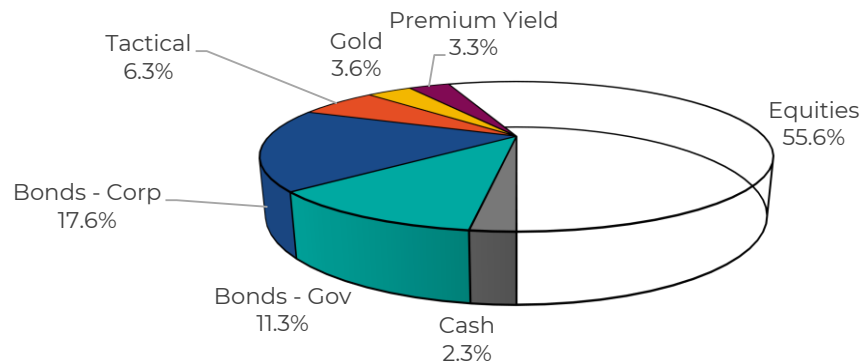


XV. Why diversifying defense

Market Correction Playbook: Diversifier Performance by Correction Type			
	Recession	Growth Scare	Geopolitics, Inflation & Other
Avg. Equity Market Drop	US Equities -33% Cdn Equities -33% Intl Equities -32%	US Equities -12% Cdn Equities -10% Intl Equities -9%	US Equities -16% Cdn Equities -12% Intl Equities -6%
Diversifier Effectiveness	Recession	Growth Scare	Geopolitics, Inflation & Other
Stronger	US Dollar Bonds	Gold US Dollar	Gold US Dollar
OK	Momentum Gold	Bonds Momentum High Yield Option Writing	Option Writing Bonds Commodities High Yield Momentum
Weaker	High Yield Option Writing Commodities	Commodities	

Source: Purpose Investments, based on corrections from 1976-2025, stacking is based on average performance

Diversified Defense



Source: Purpose Investments PABF Allocations 07-Apr-2026

Purpose Active Balanced	% of Portfolio
Bond positions	30%
Cash	5.4%
Tactical	6.3%
Premium Yield	3.3%
Gold	3.6%

- 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). Too soon to add 2026?
- In different types of corrections, different types of portfolio defense work well or not as well.
- TL – Looking at corrections for past 50 years, we bucketed the cause and the relative effectiveness of popular diversifiers. This is why we use a diversified defense.
- BR – This is our current diversified defense stack. Bonds complemented with cash, gold, tactical (momentum) and option writing.

