June 9, 2025

Purpose INVESTMENTS

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
Trimmed	SPDR S&P 500 ETF (SPY US)	4.9%	1.9%	-3.0%
Bought	iShares Core Canadian Short Term Bond Index ETF (XSB CN)		3.0%	+3.0%

Action	PAGF Fund/ETF	Previous	New	Change
Sold	Vanguard S&P 500 Index ETF(CAD-hedged) (VSP CN)	5.0%		-5.0%
Increase	iShares Core MSCI EAFE ETF (IEFA US)	7.7%	12.7%	+5.0%

SOURCE: PURPOSE INVESTMENTS & BLOOMBERG

Inception date: October 24, 2023

The Purpose Active suite made a move to reduce risk by trimming U.S. equity exposure. This move effectively reverses the trade we made in early April when we were adding to equities into weakness. If you look back at our roadmap for 2025, it is clear that markets have been swinging between ignoring risks and overreacting to them. Early in the year, markets largely shrugged off trade policy uncertainty before finally reacting. Now, after the sharp recovery, it looks like a good time to take some chips off the table.

In the balanced portfolio we lowered our position in the SPDR S&P 500 ETF (SPY) and shifted the proceeds into short-term bonds using the iShares Core Canadian Short-Term Bond Index ETF (XSB).

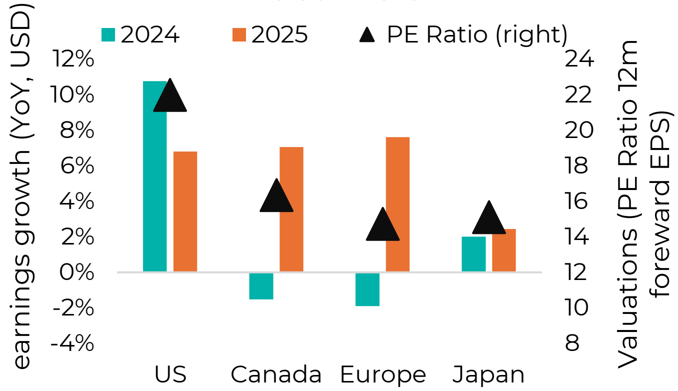
With the S&P 500 rallying back over 6,000, valuations are stretched again. The market is trading above 22x forward earnings at a time when earnings growth is slowing to around 6 percent. While the economy is not flashing major warning signs, risks are building. Labour markets are softening, earnings revisions are trending lower, and long-term yields are pushing higher. Adding to short-term bonds also makes sense right now. Yields in Canada have come down this year, but short bonds still offer attractive yields. It also helps bring down the overall duration of the portfolio, which was already on the higher side.

In the growth model, the change was more about rebalancing within equities. We sold the Vanguard S&P 500 CAD-hedged ETF (VSP) and added to international exposure by increasing the weight in the iShares Core MSCI EAFE ETF (IEFA). Growth was already underweight equities, so this move maintains the status quo. Outside the U.S., earnings growth is expected to pick up while valuations remain much more attractive. Europe and Asia are also seeing more positive surprises in economic data compared to the U.S.

This adjustment gives the portfolio more balance by tilting toward regions with improving fundamentals and lower valuations. The U.S. remains a part of the portfolio but looks less appealing at current levels. International markets are benefiting from a weaker U.S. dollar and should still have some legs to run.

With a lot of uncertainty ahead, these shifts help make the Balanced portfolio a little more cautious and the Growth portfolio a little more international, setting both up for a market that will likely stay choppy. The goal is not to call a market top, but to manage overall risk.

U.S. earnings growth vs valuations are a big challenge, much more friendly elsewhere



Source: Bloomberg, Purpose Investments

Portfolio Management Team

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All data sourced from Bloomberg unless otherwise noted.

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