PURPOSE
INVESTMENTS

PUBLISHED OCTOBER 2026
Data as at September 30, 2026

QUARTERLY SMA COMMENTARY

Canadian Dividend

CHARACTERISTICS

Asset class	Equity
Geographic	Canada
Focus	Dividend & dividend growth
Objective	Actively managed to provide income with some capital appreciation
Approx. # of holdings	25-35
Est. annual trades	22-30
Benchmark	TSX Total Return
Benchmark 2	DJ Select Canadian Dividend

Inception date: July 31, 2008

"Dig beneath the headline prints and there was much more pain."

SMA MANAGERS



Craig Basinger, CFA
CHIEF MARKET STRATEGIST
T: 647.822.1406
craigb@purposeinvest.com



Derek Benedet, CMT
CO-PORTFOLIO MANAGER
T: 416.726.1269
derekb@purposeinvest.com

MARKET OVERVIEW

September is often a challenging month for markets, and that appears to have been the case again this year, capping a quarter that was anything but quiet. A few points lower on the major indices may not seem like a big deal, but dig beneath the headline prints and there was much more pain. By month end, only 23% of S&P 500 members and 26% of TSX members were trading above their 50-day moving average. The AI trade held up most of the megacap tech names, Energy and Materials helped prop up the TSX, and the rest was a mess. A move higher in bond yields was likely the biggest culprit, and a 10-year Treasury above 5% takes some getting used to.

There is still a decent amount of good news. Global growth remains strong, calendar-year earnings are on pace to grow roughly 32% globally, and manufacturing is in an upturn, all despite the Strait of Hormuz, higher yields and renewed tariffs. If Q3 earnings season is a repeat of a very strong Q2, it could lift markets out of this multi-month range. Or those high bond yields could continue to weigh. With the midterms a month away, there are a lot of twists and turns left in 2026.

Portfolio activity

PERFORMANCE, ATTRIBUTION & TRADES

The Purpose Canadian Dividend SMA was essentially flat in the third quarter as the rate pressure that built late in the quarter landed squarely on Canadian yield. Rising yields created a massive divergence within the dividend space. Interest rate sensitives, the bond proxies like utilities, telecoms, pipelines and real estate, trade with yields and struggled, while our Cyclical Yield names, more tied to economic activity, held up far better. Materials and Energy were the engines of the quarter, with Industrials and Consumer Staples also adding. Utilities were the largest drag, followed by Communication Services where Telus and its dividend cut weighed, while Health Care, Real Estate and Financials also gave back ground.

Suncor, Whitecap, Barrick and Thomson Reuters were our top four contributors. Suncor and Whitecap delivered strong results with oil holding firm, Barrick rode the strength in gold, and Thomson Reuters bounced back sharply after a quieter stretch. TFI International, Intact Financial, Hydro One and TC Energy were the largest detractors. Two of those four are classic bond proxies, and the other two are high quality businesses caught in the factor selling, which says much of the damage was about the move in yields rather than company news.

We were active through the quarter, taking profits on names that had run and leaning into areas where sentiment had turned too negative. In July we sold ARC Resources after a strong run and added to Peyto, upgrading the yield on our natural gas exposure. We also put some cash to work adding to Barrick, building gold exposure while the miners traded at attractive valuations relative to their history, a move that has already paid off.

In August, Jamieson Wellness became the second holding this year to receive a takeover offer, and we exited into the strength. Proceeds went into a new position in Enbridge. With Canadian utilities yielding less than a Government of Canada 10-year bond for the first time in nearly a decade, the factor-driven selling of yield stands a good chance of creating company-level mispricings, and with pipelines yielding north of 4%, we get paid to wait. Contrarian buys into strong downtrends are habitually early, and September proved that point, but we like the setup.

OUTLOOK

> “Markets rarely move in a straight line, and bonds and equities can stumble together when yields rise.”

September was a reminder that markets rarely move in a straight line, and that bonds and equities can stumble together when yields rise. After strong returns, the question for investors is whether to keep riding this bull or tilt more defensive, the age-old trade-off between greed and fear. We still favour Cyclical Yield, but that view is moderating. Interest rate-sensitive names have historically traded at a slight premium to the TSX and are now roughly in line, while Cyclical Yield valuations have climbed. That is why we have been adding names like Enbridge on weakness. With our dividend and value bias and a modest cash weighting as dry powder, we are comfortable with that balance heading into year end.

Source: Purpose Investments & Bloomberg

Composition

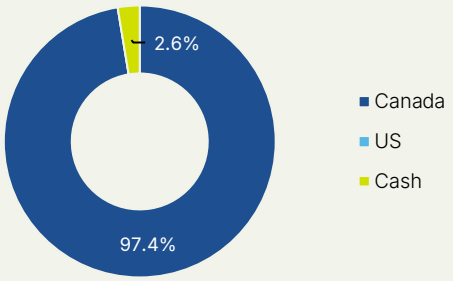
HOLDINGS

Name	Sector	Weight	Yield
TC ENERGY CORP	Energy	3.3%	4.1%
PEMBINA PIPELINE CORP	Energy	3.1%	4.4%
ENBRIDGE INC	Energy	2.9%	5.9%
SUNCOR ENERGY INC	Energy	3.2%	2.5%
WHITECAP RESOURCES INC	Energy	2.7%	4.0%
PEYTO EXPLORATION & DEV CORP	Energy	2.8%	6.1%
LUNDIN MINING CORP	Materials	3.4%	0.3%
BARRICK MINING CORP	Materials	4.5%	1.7%
NUTRIEN LTD	Materials	2.6%	3.1%
FINNING INTERNATIONAL INC	Industrials	3.4%	1.1%
TFI INTERNATIONAL INC	Industrials	2.5%	1.6%
CARGOJET INC	Industrials	3.0%	1.8%
THOMSON REUTERS CORP	Industrials	2.1%	2.6%
CANADIAN NATL RAILWAY CO	Industrials	3.7%	2.2%
OPEN TEXT CORP	Info Tech	1.7%	4.8%
ROYAL BANK OF CANADA	Financials	5.2%	2.5%
BANK OF NOVA SCOTIA	Financials	5.0%	3.5%
BANK OF MONTREAL	Financials	5.9%	2.9%
SUN LIFE FINANCIAL INC	Financials	4.2%	3.4%
MANULIFE FINANCIAL CORP	Financials	4.8%	3.1%
INTACT FINANCIAL CORP	Financials	2.6%	2.5%
TMX GROUP LTD	Financials	2.7%	1.9%
RESTAURANT BRANDS INTERN	Cons Disc	2.6%	3.6%
CHARTWELL RETIREMENT RESIDEN	Health Care	3.0%	3.1%
DREAM INDUSTRIAL REAL ESTATE	Real Estate	2.6%	5.7%
ROGERS COMMUNICATIONS INC-B	Comm Svs	2.4%	4.6%
TELUS CORP	Comm Svs	1.5%	6.7%
METRO INC/CN	Cons Staples	3.7%	1.8%
EMERA INC	Utilities	3.3%	4.4%
HYDRO ONE LTD	Utilities	3.0%	2.8%

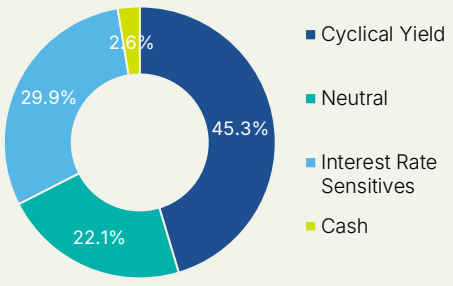
SECTOR WEIGHTS VS. BENCHMARK

Sector	Canadian Dividend	Benchmark	+/-
Industrials	14.7%	10.0%	4.7%
Utilities	6.3%	3.3%	3.1%
Health Care	3.0%	0.3%	2.7%
Comm Svs	3.8%	1.4%	2.4%
Energy	18.0%	16.5%	1.6%
Real Estate	2.6%	1.2%	1.4%
Cons Staples	3.7%	2.9%	0.8%
Cons Disc	2.6%	2.9%	-0.3%
Financials	30.4%	34.1%	-3.7%
Info Tech	1.7%	9.1%	-7.5%
Materials	10.5%	18.3%	-7.9%
Cash	2.6%	-	2.6%

GEOGRAPHY



STYLE



Source: Purpose Investments & Bloomberg

Disclaimer

All data sourced from Bloomberg unless otherwise noted.

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