

QUARTERLY SMA COMMENTARY

U.S. Dividend

CHARACTERISTICS

ASSET CLASS	EQUITY
GEOGRAPHIC	US
FOCUS	DIVIDEND & DIVIDEND GROWTH
OBJECTIVE	ACTIVELY MANAGED TO PROVIDE INCOME WITH SOME CAPITAL APPRECIATION
APPROX. # OF HOLDINGS	25-30
ESTIMATED ANNUAL TRADES	16-24
BENCHMARK	S&P 500 TR
BENCHMARK 2	DJ SELECT DIVIDEND

Inception date: JUNE 30, 2011

Cisco was the standout, rallying hard on AI infrastructure demand and driving much of the quarter's gain.

SMA MANAGER



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MARKET OVERVIEW

After bottoming in the depths of the war induced selloff in early April, markets staged a powerful two month rebound before taking a pause in June. Pause may be the wrong word. U.S. markets finished June down a touch and Canada up a bit, but it was one wild ride to get there. The size of the daily moves increased dramatically, both up and down, the bulls and the bears fighting to see who dominates. Much of that volatility came from vacillating enthusiasm around the AI names. Even strong numbers from some of the biggest tech names failed to impress investors, with good results now being measured against very high expectations, which makes this coming earnings season an interesting one.

return in the second quarter, participating well in the rebound off the April lows. Financials did the heavy lifting and were the dominant contributor as the big U.S. banks rode a friendlier regulatory backdrop and strong capital markets activity. Information Technology was close behind on the strength of a single standout position, and Industrials and Consumer Staples added meaningfully as well. The detractors were concentrated in the commodity sensitive corners of the market. Materials was the largest drag as gold cooled from its conflict driven highs, and Energy weighed on returns as oil retreated from its spike once the Strait of Hormuz disruption began to ease.

The Purpose US Dividend SMA delivered a solid positive

PORTFOLIO ACTIVITY

Cisco, Goldman Sachs, Alphabet, and Citigroup were our top contributors, collectively responsible for a significant portion of total returns, with Cisco alone accounting for a large share as the stock rallied hard on AI infrastructure demand. On the other side, Accenture, Chevron, CF Industries, and Verizon were the largest detractors, detracting notably from performance. Accenture struggled alongside the broader consulting group, Chevron gave back ground as oil retreated, CF Industries slipped as fertilizer prices normalized, and Verizon lagged under the same telecom pressures weighing on the group. Financials and Information Technology were the clear engines of the quarter, while Materials and Energy were the areas that worked against us.

We made no changes to the portfolio through the quarter. That was a deliberate choice rather than an oversight. Coming into the period the book already reflected the balance we wanted, a diversified mix of high quality dividend payers with a value lean and healthy exposure to financials, and the rebound played out largely as we had positioned for. With valuations across much of the U.S. market looking full and the tape driven more by flows than fundamentals, we saw little reason to chase and were content to let a well positioned portfolio work. We would rather stay patient and hold our dry powder for a better entry point than trade for the sake of activity.

There is a lot of good news out there. The conflict around the Strait of Hormuz continues to improve, the economic data is good, the earnings data is good, and the excitement around AI is everywhere. The challenge may simply be price. Markets have already delivered multi year returns well above average and expectations are very high. Our read is that this is a late cycle stage with a great deal of good news already in the price, which is why we carry a slightly defensive tilt, lean on our dividend and value bias, and hold a healthy cash weighting as dry powder. We believe investors should focus more on protecting those gains than chasing them, and our positioning reflects this.

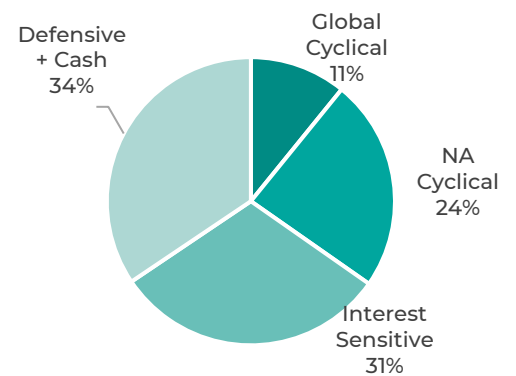
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COMPOSITION

Name	Sector	Weight	Yield
CHEVRON CORP	Energy	3.0%	4.2%
AVIENT CORP	Materials	2.1%	2.9%
NEWMONT CORP	Materials	2.8%	1.1%
CF INDUSTRIES HOLDINGS INC	Materials	2.9%	1.8%
JOHNSON CONTROLS INTERNATIONAL	Industrials	3.4%	1.2%
C.H. ROBINSON WORLDWIDE INC	Industrials	3.3%	1.3%
WASTE MANAGEMENT INC	Industrials	3.1%	1.6%
CSX CORP	Industrials	3.0%	1.2%
ACCENTURE PLC-CL A	Info Tech	1.4%	4.6%
CISCO SYSTEMS INC	Info Tech	6.2%	1.5%
MICROSOFT CORP	Info Tech	3.5%	0.9%
BLACKROCK INC	Financials	3.6%	2.3%
JPMORGAN CHASE & CO	Financials	3.3%	1.8%
GOLDMAN SACHS GROUP INC	Financials	6.1%	1.7%
CITIGROUP INC	Financials	4.8%	1.7%
LAZARD INC	Financials	2.2%	4.7%
AMERICAN TOWER CORP	Real Estate	1.7%	4.3%
MCDONALD'S CORP	Cons Disc	2.3%	2.6%
STARBUCKS CORP	Cons Disc	3.5%	2.4%
PROCTER & GAMBLE CO/THE	Cons Staples	2.9%	2.9%
MONDELEZ INTERNATIONAL INC-A	Cons Staples	3.0%	3.3%
ANHEUSER-BUSCH INBEV-SPN ADR	Cons Staples	3.0%	2.9%
ASTRAZENECA PLC	Health Care	3.3%	1.7%
MERCK & CO. INC.	Health Care	3.1%	2.6%
JOHNSON & JOHNSON	Health Care	3.1%	2.0%
MEDTRONIC PLC	Health Care	2.6%	3.4%
XCEL ENERGY INC	Utilities	3.3%	2.9%
ALPHABET INC-CL A	Comm Services	4.7%	0.2%
VERIZON COMMUNICATIONS INC	Comm Services	2.5%	6.6%
PURPOSE USD CASH MGMT FUND	Cash	3.5%	3.6%
	Cash	2.7%	2.23%

	US Dividend	S&P 500	+/-
Financials	20%	12%	7.7%
Materials	8%	2%	6.0%
Cons Staples	9%	5%	4.3%
Industrials	13%	9%	4.0%
Health Care	12%	9%	2.9%
Utilities	3%	2%	1.1%
Energy	3%	3%	0.0%
Real Estate	2%	2%	-0.1%
Comm Services	7%	10%	-2.9%
Cons Disc	6%	9%	-3.5%
Info Tech	11%	37%	-25.7%
Cash	6%		6.2%



All data sourced from Bloomberg unless otherwise noted.

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