PURPOSE INVESTMENTS

PUBLISHED OCTOBER 2026
Performance data as at September 30, 2026

QUARTERLY SMA COMMENTARY

US Dividend

CHARACTERISTICS

Asset class	Equity
Geographic	United States
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	S&P 500 Total Return
Benchmark 2	Dow Jones U.S. Select Dividend

Inception date: June 30, 2011

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

SMA MANAGERS



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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.

Source: Purpose Investments & Bloomberg

All data as at September 30, 2026

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Portfolio activity

PERFORMANCE, ATTRIBUTION & TRADES

The Purpose US Dividend SMA mandate declined slightly in U.S. dollar terms in the third quarter. That trailed the S&P 500 at 2.3%, but did outperform the Dow Jones U.S. Select Dividend Index, which fell 2.1% and is the fairer yardstick for a dividend mandate. Beneath that modest headline was a lot of dispersion. The U.S. market this quarter was a story of narrow leadership, and our results reflected it. Information Technology and Materials were the engines of the quarter, with Energy and Health Care also adding. Industrials were the largest drag, followed by Financials and Consumer Discretionary, while Utilities and Consumer Staples also gave back ground. Rising yields hit the bond proxies hard, and anything tied to the consumer or to freight volumes struggled to find buyers.

Microsoft, Newmont, Chevron and Accenture were our top four contributors. The AI trade came roaring back for Microsoft and Accenture, a welcome turnaround for Accenture after it lagged last quarter, Newmont rode the strength in gold, and Chevron delivered with oil holding firm. C.H. Robinson, Goldman Sachs, Cisco and AstraZeneca were the largest detractors. Cisco and Goldman gave back some of a very strong first half, while a freight broker and a pharma name round out a mixed list that says much of the selling was more about factors than company news.

We made two changes through the quarter, both in July and both funded from cash. We added to Newmont, building gold exposure while the miners traded at attractive valuations relative to their history, a move that paid off quickly. We also added to McDonald's on weakness. The restaurant group has been under pressure as investors fret over the health of the consumer, and we see that as an opportunity to own one of the most durable dividend growers in the market at a more reasonable price. The stock kept sliding into September, and contrarian buys into strong downtrends are habitually early, but we like the setup and are happy to be paid to wait.

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. With a 10-year Treasury above 5%, the bar for equities has risen. We still favour cyclical exposure where valuations allow, but that view is moderating, and we have been more willing to lean into high quality names that have been sold on factors rather than fundamentals. With our dividend and value bias and a modest cash weighting as dry powder, we are comfortable with that balance heading into year end and the midterms.

Source: Purpose Investments & Bloomberg

Composition

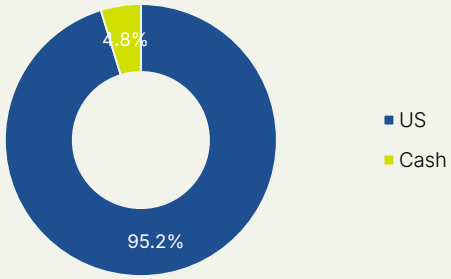
HOLDINGS

Name	Sector	Weight	Yield
CHEVRON CORP	Energy	3.7%	3.5%
AVIENT CORP	Materials	2.3%	2.8%
NEWMONT CORP	Materials	4.8%	0.9%
CF INDUSTRIES HOLDINGS INC	Materials	3.0%	2.1%
JOHNSON CONTROLS INTERNATION	Industrials	3.8%	1.0%
C.H. ROBINSON WORLDWIDE INC	Industrials	2.3%	1.9%
WASTE MANAGEMENT INC	Industrials	2.7%	1.8%
CSX CORP	Industrials	2.9%	1.2%
ACCENTURE PLC-CL A	Info Tech	1.9%	3.5%
CISCO SYSTEMS INC	Info Tech	6.5%	1.4%
MICROSOFT CORP	Info Tech	4.8%	0.7%
BLACKROCK INC	Financials	3.9%	2.1%
JPMORGAN CHASE & CO	Financials	3.2%	2.0%
GOLDMAN SACHS GROUP INC	Financials	5.2%	2.3%
CITIGROUP INC	Financials	4.3%	2.1%
LAZARD INC	Financials	1.9%	5.6%
AMERICAN TOWER CORP	Real Estate	1.8%	4.3%
MCDONALD'S CORP	Cons Disc	2.6%	3.3%
STARBUCKS CORP	Cons Disc	3.2%	2.7%
PROCTER & GAMBLE CO/THE	Cons Staples	2.8%	2.9%
MONDELEZ INTERNATIONAL INC-A	Cons Staples	3.0%	3.5%
ANHEUSER-BUSCH INBEV-SPN ADR	Cons Staples	2.8%	3.1%
ASTRAZENECA PLC	Health Care	2.7%	2.0%
MERCK & CO. INC.	Health Care	3.4%	2.4%
JOHNSON & JOHNSON	Health Care	3.0%	2.1%
MEDTRONIC PLC	Health Care	2.6%	3.4%
XCEL ENERGY INC	Utilities	2.9%	3.3%
ALPHABET INC-CL A	Comm Svs	4.5%	0.3%
VERIZON COMMUNICATIONS INC	Comm Svs	2.7%	6.2%
PURPOSE USD CASH MGMT FUND	Cash	2.3%	3.9%

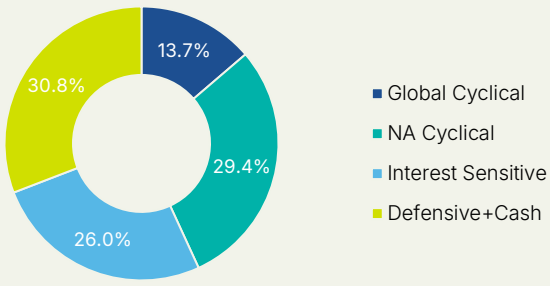
SECTOR WEIGHTS VS. S&P 500

Sector	US Dividend	S&P 500	+/-
Materials	10.1%	1.6%	8.5%
Financials	18.4%	11.3%	7.2%
Cons Staples	8.6%	4.4%	4.2%
Industrials	11.8%	7.9%	3.9%
Health Care	11.9%	9.1%	2.8%
Utilities	2.9%	1.9%	1.0%
Energy	3.7%	3.4%	0.2%
Real Estate	1.8%	1.6%	0.1%
Comm Svs	7.2%	9.7%	-2.6%
Cons Disc	5.8%	8.7%	-2.9%
Info Tech	13.1%	40.2%	-27.1%
Cash	4.8%	-	4.8%

GEOGRAPHY



STYLE



Source: Purpose Investments & Bloomberg

Disclaimer

All data sourced from Bloomberg unless otherwise noted.

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