

CONSERVATIVE PORTFOLIO - SERIES A

HISTORICAL PORTFOLIO RETURNS



Returns are net the MER of:



Returns for periods longer than 1 year are annualized

ASSET CLASS WEIGHTINGS AND RETURNS

FIXED INCOME		Weighting	Asset class	1-year return
		4.9%	Short-term floating rate bonds	3.64%
		5.4%	Government bonds	1.11%
		30.3%	Investment grade bonds	2.30%
		28.3%	Corporate value bonds	6.08%
		10.0%	Commercial mortgages	1.70%

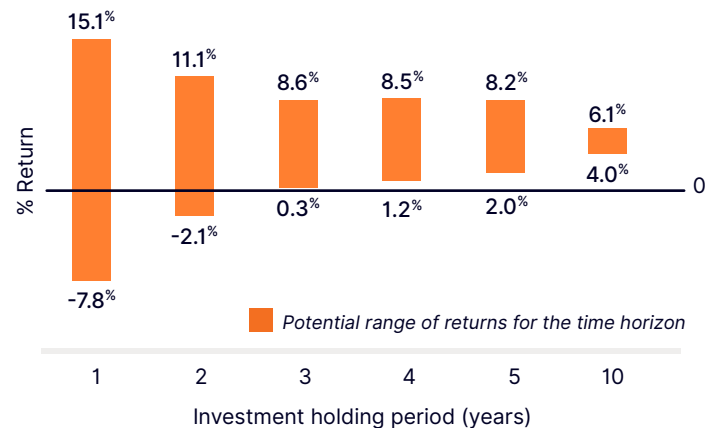
EQUITY		Weighting	Asset class	1-year return
		8.1%	Canadian large-cap	9.43%
		-	Canadian small-cap	-
		5.08%	US large-cap	16.75%
		-	US small-cap	-
		7.85%	International equity	20.88%
		-	Global small-cap	-

Due to ongoing portfolio changes and reporting requirements, the sum of the asset class returns may not equal the overall fund performance reported. Data is unavailable for asset classes with less than one year of performance.

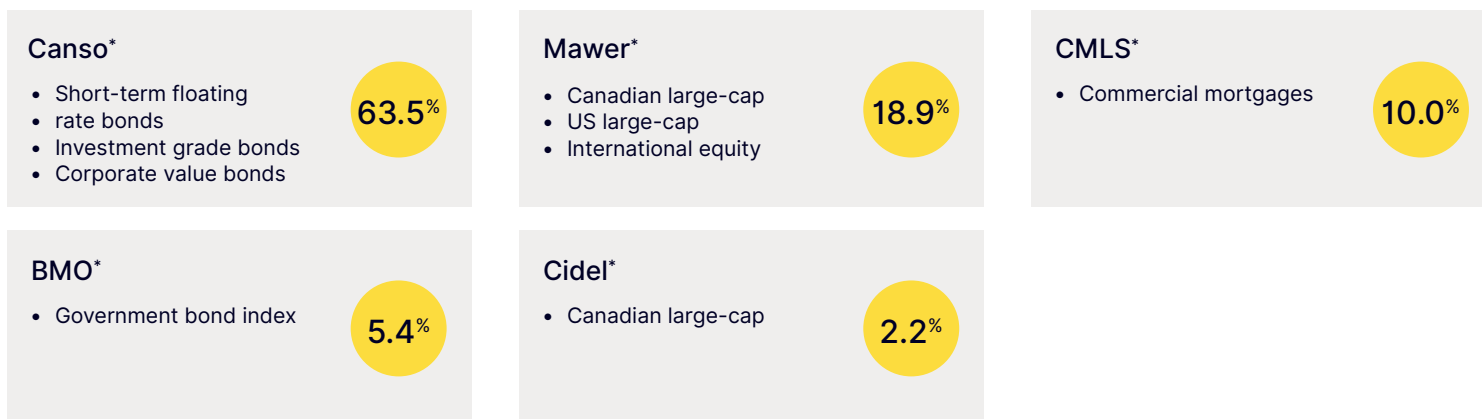
HISTORICAL RANGE OF RETURNS

This graph shows the range of returns using historical one year rolling returns for the Compass Conservative Series A Portfolio as of June 30, 2023. Rolling returns are calculated by advancing one month sequentially for consecutive periods. These numbers are annualized and based on the start of the rolling period, not the calendar year. The ranges are derived using a 95% confidence interval to remove outlier performance in a given year and illustrate an estimate of the potential return ranges a unitholder may experience. The historical return "high" for the year was the return that was in the top 2.5% category for observed returns, and the historical return "low" for the year was the return that was in the bottom 2.5% category for observed returns. There are probabilities that actual future returns fall outside of these historical estimated bands. Past performance does not guarantee future performance and this chart is used to illustrate the historical volatility, or return ranges, of the fund.

* Returns are net of fees



MANAGER BREAKDOWN



* BMO: BMO Asset Management, Canso: Canso Investment Counsel Ltd., Cidel: Cidel Asset Management Inc., CMLS: CMLS Financial Ltd., Mawer: Mawer Investment Management Ltd.

Figures subject to rounding

PORTFOLIO COMMENTARY

Fixed Income

As the Canadian economy remains resilient and we saw another rate hike over the quarter, yields rose in Canada from 3.95% to 4.37%.¹ Another potential quarter point hike is expected for the July or September meeting. Credit spreads, or the additional yield one can get on a riskier corporate bond compared to a risk-free government bond, narrowed slightly over the quarter supporting corporate bond prices. Higher overall yields with narrowing spreads led to better relative performance for the funds which continue to be shorter duration and tilted towards credit compared to the broader Canadian bond market. The fund's fixed income component returned 0.6% for the quarter compared to -0.7% for the FTSE Canada Universe index and carries a blended yield of about 6.2%.

Equities

Equity markets have moved upward this year, but not all markets have been supported by growing earnings. The US equity market in particular has the average stock up about 17% since the start of the year², yet earnings are virtually unchanged. The earnings yield on US stocks are barely above a government bond and looking relatively more expensive than they were six months ago. In fact this is the lowest premium over treasuries US stocks have had since the mid 2000's. Stock earnings can grow at a faster rate to justify higher prices both in real terms and from passing along inflation, but growth is difficult to forecast and may not materialize. In light of this, towards the end of the quarter we began to trim some stock holdings in favour of bonds, moving the funds back to a neutral position. We had been overweight in stocks since the COVID market decline in March 2020.

Canadian equity markets, in a continuation from the first quarter, have been hampered by moderating commodity prices. Declining base and precious metals prices drove the materials sector down 7% this quarter. In contrast, the technology sector on the TSX Composite Index followed the US appreciating 16% although the sector is much smaller for the TSX at 8% compared to 28% for the S&P 500. Overall with a lower Canadian tech exposure in the funds—in particular, not holding Shopify—the funds lagged the TSX by half a percent returning 0.6% over the quarter.

The MSCI EAFE index was mostly flat for the quarter, up about 0.7% compared to the funds' international holdings returning 1.0% overall. Slightly better performance can be attributed to better performing small-cap equities. Revenue and earnings growth internationally has been quite strong this year, increasing about 11% for both since the end of 2022 for the MSCI EAFE index. This has left international stocks as the only developed region this year to become more attractive on a valuation basis. We continue to overweight this region within the fund's equity holdings.

¹ FTSE Canada Universe Index Yield from March 31, 2023 to June 30, 2023

² S&P 500 Index total return of 16.9% for 2023 through to June 30.

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