RISK REPORT: Q3 2025

Equate Total Return Fund ("TRF")

We actively measure the Fund's risk metrics compared to its stated targets:

1. **Inflation Risk:** The value of retirement savings can be eroded through time simply by not generating an investment return that is greater than inflation. We monitor this risk by ensuring that the fund's performance is measured versus inflation (Canadian CPI). Our goal is to grow the fund's unit value by at least 3% more than inflation.
2. **Performance Concentration Risk** (aka Consistency Risk): Regardless of whether investors are continuously adding to their retirement savings or drawing from them, there is a risk that the performance of their investments is "lumpy" – i.e. there are periods of very strong performance followed by several successive periods of weak performance. We measure this risk by evaluating how often we generate positive returns to (a) Help those savings compound their growth consistently; (b) Reduce the frequency of a setback caused by negative returns.
3. **Volatility Risk** (aka Emotional Risk): Every investor is emotionally tied to their savings which means it is difficult to watch the value go up and down in large swings over a given month or quarter. These episodes of heightened volatility can significantly impact the 'human' side of investment decision-making – people tend to be less rational in periods of financial stress. We measure this risk by tracking the volatility of the monthly performance of the fund with a target to deliver a reduction in volatility of more than 40% compared to a balanced portfolio.

Risk Metrics

	Inflation Rate *	Target Return (Inflation +3%)	Since Inception Return of Equate TRF	OUTPERFORMANCE vs TARGET
INFLATION RISK	2.2%	5.2%	**9.8%**	+4.6%

*CPI Based on Bank of Canada's Total CPI Index (v41690973)

How do we manage the Total Return Fund to ensure that we are growing the portfolio at a rate faster than inflation?

1. Performance objective: The mindset of our investment team is all about identifying investments that can produce positive absolute performance. This is very different than trying to manage money with the goal of outperforming the stock or bond market, which most mutual funds fail to accomplish.
2. Understanding market conditions: While inflation can be very stable during extended periods, there are times when inflation starts to rise and the value of money is affected. It is crucial to recognize these periods and adjust the portfolio accordingly.
3. Measuring how inflationary pressure affects certain investments: We can use previous high-inflationary cycles to observe which investments have strong inflation-protection characteristics and add to those holdings during key periods.

	Positive Return Frequency: BALANCED PORTFOLIO **	Positive Return Frequency: EQUATE TRF	OUTPERFORMANCE vs TARGET
PERFORMANCE CONCENTRATION RISK	82%	**100%**	+18%

** Balanced portfolio is comprised of 30% TSX, 30% SP500, 10% EAFE, 30% Canadian Bond Aggregate

How do we manage the Total Return Fund to achieve a higher frequency of positive returns?

1. Understanding investment outcomes: Before we add any new investment to the Fund, we measure the expected return of that investment, but also the potential for a large negative result. We will have bigger weights in the portfolio for investments that tend to have more predictable positive outcomes with less risk of a major negative return.
2. Actively monitoring and re-balancing the portfolio: Investment conditions can change quickly, which means our investment team must be diligent in making the necessary changes to the investment holdings to reduce the risk of a significant negative return.

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Equate Total Return Fund ("TRF")

Risk Metrics

	Volatility of Returns: BALANCED PORTFOLIO **	Volatility of Returns: EQUATE TRF	REDUCTION IN VOLATILITY
VOLATILITY RISK	5.50%	2.33%	58% lower

** Balanced portfolio is comprised of 30% TSX, 30% SP500, 10% EAFE, 30% Canadian Bond Aggregate.
Volatility is calculated as the annualized standard deviation of monthly investment returns.

How do we manage the Total Return Fund to achieve much lower volatility?

1. Start with an Investor Mindset: If there is one constant that our team has observed about investors during periods of wild swings of investment values (especially the negative ones!) is that human emotion can cloud the ability to stay objective. We have purposely implemented an investment approach that mitigates large movements of portfolio value.
2. Diversification: The effectiveness of diversification goes far beyond selecting a variety of investments by industry or geography. For every allocation in the Total Return Fund, we are analyzing what factors drive the return and increase the risk – so that we can build a portfolio that spreads out that investment risk to produce resilient performance in all market cycles.

For more information, please contact us

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