

Purpose

INVESTMENTS



ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE
For the financial period ended December 31, 2019



CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements about the Fund, including its strategy, expected performance and condition. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “estimates,” or negative versions thereof and similar expressions.

In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future action, is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties, and assumptions about the Fund and economic factors.

Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Fund. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and market factors, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events. We stress that the abovementioned list of important factors is not exhaustive. We encourage you to consider these and other factors carefully before making any investment decisions, and urge you to avoid placing undue reliance on forward-looking statements. Further, you should be aware of the fact that the Fund has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise, prior to the release of the next Management Report of Fund Performance.



LETTER TO INVESTORS

HELLO!

In 2019 we took both small steps and huge leaps on our road to building the investment firm where thoughtful Canadians invest. Along the way, we put you, the investor, at the centre of everything we do. Our focus remains on creating industry-leading investment products that help you build a resilient portfolio so you reach your long-term objectives and achieve success that truly matters.

We'll continue iterating and evolving our products to help drive the investment outcomes you're looking for. In the past year, we became one of the first investment firms in the world to embed Environmental, Social and Governance (ESG) principles across our entire investment process, rightfully placing them at the foundation of how we think about building products. This means that, as an investor in Purpose, you now benefit from superior returns while also strategically investing capital in companies that make the world a better place.

“As an investor in Purpose, you now benefit from superior returns while also strategically investing capital in companies that make the world a better place.”

Some key milestones drove our success as we surpassed \$8-billion in assets under management. We launched new one-of-a-kind products, including a Canadian-first income fund that provides a 6% income with a structured exposure to reduce market downside risk. We gave more investors access to Canada's first global, multi-manager private debt fund by making it available for regular ongoing investments.

And following changes in mutual fund regulations we created our top alternative credit strategy by evolving it from a fund only available to accredited high net worth clients into a mutual fund for all investors.

While we continued to debut new products, some of our first liquid alternatives funds crossed their 5-year anniversaries, including our first hedged equity strategy offered as an ETF or mutual fund to all Canadians. Our time-tested expertise in this space has allowed us to continue to lead the way and continuously add to our line-up, including funds we created based on feedback from our investors.

As we've evolved, the industry has changed dramatically. However, the core of who we are has not. It was time for us to reimagine our brand and tell our story in a way that encompasses the energy that drives us now. You might already have seen it take shape in our new advertising on Air Canada and our refreshed website at purposeinvest.com.

Our commitment to focusing on transparency and choice, long-term outcomes before benchmarks, fair value for money,

proactive risk protection, comprehensive ESG strategies and a tax-efficient approach to liquidity makes us the place where thoughtful Canadians invest. Every facet of our brand story reflects our principles and ensures that the investors who've joined us see themselves and their personal successes in everything that we do.

That constant focus on living up to our principles is what makes us different. And, ultimately, they help us create for you the type of investment experience we want for ourselves.

I'm more excited than ever to see how the potential of Purpose Investments will be realized for our investors in 2020. Though markets entered the year strong, there's a continued sense of unease and disruption as the market determines how best to deal with the global challenges presented by the spread of coronavirus. As always, our approaches to active management and built-in risk mitigation ensure we're taking the right measures to protect our partners and investors. We believe that approach is more important now than ever.

By always focusing first on objectives that matter to our investors we produced very strong returns for our clients in 2019 and we'll continue to follow that path in 2020 and beyond.

I want to thank the incredible team of owner-minded partners that make up Purpose Investments. Together, we care deeply about helping investors like you surpass your goals. Their relentless drive to continue envisioning what a modern asset management firm can be inspires me every single day.

Finally, and most importantly of all, Purpose Investments exists to help build the success of our customers, investors and partners.

I want to personally thank you for your support and for being a part of our growing story. We know that when you win, we win. We're humbled and honoured that you've placed your trust in us and we don't take it for granted.

“We know that when you win, we win.”

I can't wait to share with you everything we're continuing to build and I know, more than ever, that together we'll continue to create meaningful success for thoughtful investors like you in the new year and beyond.

Warmly,

Som Seif
CEO
Purpose Investments Inc.



ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

The management report of fund performance presents the views of the portfolio management team concerning significant factors and developments that have affected the Fund's performance and outlook.

Please read the caution on the inside of the cover page regarding forward-looking statements.

INVESTMENT OBJECTIVES AND STRATEGIES

Purpose Conservative Income Fund (the "Fund") seeks to provide shareholders (i) a moderate positive total return consisting of dividend income and capital appreciation, while trying to reduce portfolio volatility and (ii) monthly dividends, by investing in a broad range of asset classes which may include equities, fixed income, inflation sensitive securities and cash.

To achieve its investment objectives, the Fund will use primarily rules-based portfolio selection strategies to invest in a broad range of asset classes including equities, fixed income, inflation sensitive securities and cash, with the goal of generating income and achieving a moderate positive total return in diverse market environments while reducing portfolio volatility. The Fund will, from time to time employ various investment strategies (described below), including the use of derivative instruments to generate income, reduce portfolio volatility and protect capital. These strategies are designed to hedge market risks and provide protection from market declines.

RISK

The risks of investing in the Fund are disclosed in the Fund's prospectus and there have been no significant changes during the period that affected the overall level of risk associated with the Fund.

RESULTS OF OPERATIONS

The Fund offers ETF shares listed on the Toronto Stock Exchange under the ticker symbol PRP and mutual fund series.

The net asset value per share as at:

Series	December 31, 2019 (\$)	December 31, 2018 (\$)
ETF Share	20.77	19.64
Series A	20.05	19.18
Series F	20.78	19.64
Series D	20.70	19.56
Series XA	19.29	18.60
Series XF	20.19	19.29
Series XUF	20.36	19.63

During the period ended December 31, 2019, the Fund paid dividends as follows:

Month	ETF Shares (\$)	Series A Shares (\$)	Series F Shares (\$)	Series D Shares (\$)	Series XA Shares (\$)	Series XF Shares (\$)	Series XUF Shares (\$)
January	0.0540	0.0532	0.0540	0.0538	0.0519	0.0534	0.0543
February	0.0540	0.0532	0.0540	0.0539	0.0519	0.0534	0.0543
March	0.0540	0.0532	0.0540	0.0537	0.0519	0.0534	0.0543
April	0.0540	0.0532	0.0540	0.0538	0.0519	0.0534	0.0543
May	0.0540	0.0532	0.0540	0.0538	0.0519	0.0534	0.0543
June	0.0540	0.0532	0.0540	0.0538	0.0519	0.0534	0.0543
July	0.0540	0.0532	0.0540	0.0538	0.0519	0.0534	0.0543
August	0.0540	0.0532	0.0540	0.0538	0.0519	0.0534	0.0543
September	0.0540	0.0532	0.0540	0.0538	0.0519	0.0534	0.0543
October	0.0540	0.0532	0.0540	0.0539	0.0519	0.0534	0.0543
November	0.0540	0.0532	0.0540	0.0538	0.0519	0.0534	0.0543
December	0.0540	0.0532	0.0540	0.0538	0.0519	0.0534	0.0543
Total	0.6480	0.6384	0.6480	0.6457	0.6228	0.6408	0.6516

Market outlooks were very muted for the reference period, the full-year 2019, but the actual results were quite strong. Markets did not shy away from fairly significant fluctuations throughout the year, however. Trade tensions between China and the US, uncertainty over the direction of interest rates, a mid-year spike in recession fears and yield-curve inversions all contributed to periods of weakness, particularly in the late spring and late summer months.

US equities continued to dominate over other regions. The S&P 500 posted more than two dozen all-time highs. Larger companies reaped the largest returns, but mid-cap and small-cap stocks in the US had strong showings, as well. One notable divergence from recent years came from the slight outperformance of value stocks over growth stocks, despite the fact the growth-heavy information technology sector posted the strongest returns. Canadian and international stocks also had strong years. In fact, 2019 was the best year for the S&P/TSX Composite Index in a decade. However, gains in both Canada and international markets weren't as broad or as strong as in the US.

Fixed income produced strong returns as well, as bond yields broadly moved lower through the first half of the year. Yields moved higher in the latter half of 2019, but still finished well below the year-end levels of 2018. Corporate bonds slightly outperformed government bonds amid narrowing credit spreads fed by the increasing appetite for risk.

Fund performance was positive and steady over the reference period. US corporate credit provided the strongest contribution to gains. All sectors were ultimately positive. There were few detractors from performance, however they were concentrated in the energy sector. The options overlay detracted from performance slightly as it traded off more upside capture for the additional income.

RECENT DEVELOPMENTS

There were no changes to the Manager of the Fund, nor were there any material changes to the investment philosophy or process. Positioning and the Manager's outlook remain the same.

RELATED PARTY TRANSACTIONS

Purpose is deemed to be a related party as Manager of the Fund. Please refer below to the "Management Fee" section for fees paid to Purpose. Purpose has also appointed an Independent Review Committee ("IRC") as required by National Instrument 81-107 **Independent Review Committee for Investment Funds**. The mandate of the IRC is to review, and provide input on, the Manager's written policies and procedures that deal with conflict of interest matters in respect of the Funds. IRC members receive fees and reimbursement of expenses for services provided to the Fund and other Purpose managed funds and such costs are allocated among all the Funds on a fair and reasonable basis. The fees for services rendered to the Funds are reported in the Statements



of Comprehensive Income. There are no other related party transactions for the Fund.

INDEPENDENT REVIEW COMMITTEE

The Manager is required to comply with the policies and procedures presented to the IRC with respect to various potential conflicts of interest including valuation and the allocation of operating expenses and to provide periodic reports to the IRC in accordance with NI 81-107.

The members of the Independent Review Committee as at December 31, 2019 were Douglas G. Hall (Chair), Randall C. Barnes, and Jean M. Fraser.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the periods ended December 31:

NET ASSETS PER SHARE¹

ETF Shares	2019 (\$)	2018 (\$)	2017 (\$)	2016 ^a (\$)
Net assets, beginning of period	19.64	20.38	20.27	20.00^b
Increase (decrease) from operations:				
Total revenue	0.81	0.68	0.66	0.16
Total expenses	(0.31)	(0.20)	(0.18)	(0.03)
Realized gains (losses) for the period	0.06	0.09	(0.01)	(0.07)
Unrealized gains (losses) for the period	1.53	(0.69)	0.19	0.30
Total increase (decrease) from operations²	2.09	(0.12)	0.66	0.36
Dividends:				
From dividends	(0.22)	(0.18)	(0.09)	(0.04)
From capital gains	-	-	(0.13)	(0.05)
Return of capital	(0.43)	(0.47)	(0.33)	-
Total dividends³	(0.65)	(0.65)	(0.55)	(0.09)
Net assets, end of period	20.77	19.64	20.38	20.27

Notes:

- Information presented is for the period October 26, 2016 to December 31, 2016.
- Initial offering price.
- This information is derived from the Fund's financial statements prepared in accordance with IFRS. For purposes of shareholder transactions, the Net Asset Value is calculated in accordance with the valuation rules as set out in the Fund's prospectus. The Fund's accounting policies for measuring the fair value of investments and derivatives are consistent with those used in measuring the Net Asset Value for transactions with shareholders.
- Net assets and dividends are based on the actual number of shares outstanding at the relevant time. The increase (decrease) from operations is based on the weighted-average number of shares outstanding over the financial period.
- Dividends were paid in cash or reinvested in additional shares of the Fund.

RATIOS AND SUPPLEMENTAL DATA

ETF Shares	2019	2018	2017	2016
Total net asset value (\$) (000s) ¹	2,077	5,891	4,075	4,053
Number of shares outstanding (000s) ¹	100	300	200	200
Management expense ratio ²	0.71%	0.71%	0.74%	0.69%
Management expense ratio before waivers or absorptions ²	0.71%	0.71%	0.74%	0.69%
Trading expense ratio ³	0.20%	0.22%	0.13%	0.08%
Portfolio turnover rate ⁴	48.14%	83.79%	74.64%	31.86%
Closing market price (\$)	20.82	19.57	20.34	20.30

Notes:

- The financial information presented in the Ratios and Supplemental Data table is derived from the Fund's net asset value calculated for fund pricing purposes ("NAV") and is provided as at December 31 of the year shown.
- The management expense ratio ("MER") is calculated as the total expenses, excluding dividends, commissions and other portfolio transaction costs, for the stated period and is expressed as an annualized percentage of the average daily NAV of the Fund. The Manager, at its sole discretion, may waive management fees or absorb expenses. Such waivers and absorptions can be terminated at any time. If the Fund invests in underlying funds managed by the Manager, the Manager does not charge management fees and administrative fees that would result in the duplication of a fee for the same services. The MER includes an allocation of expenses from the underlying funds held in the portfolio. Without the allocation, the MER would be 0.65% (2018 - 0.67%, 2017 - 0.68%, 2016 - 0.61%).
- The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of the Fund's daily average NAV. The trading expense ratio is calculated at the portfolio level and applies to all series of shares of the Fund.
- The portfolio turnover rate is calculated at the portfolio level based on the lesser of purchases or proceeds of sales of securities for the period, excluding cash, short-term notes, and bonds having maturity dates at acquisition of one year or less, divided by the average value of the portfolio securities for the period. The Fund's portfolio turnover rate indicates how actively the Fund's investment sub-advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the portfolio turnover rate in a year, the greater the trading costs payable in the year and the greater the chance of taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and fund performance. The portfolio turnover rate is calculated at the portfolio level and applies to all series of shares of the Fund.

NET ASSETS PER SHARE¹

Series A	2019 (\$)	2018 (\$)	2017 (\$)	2016 ^a (\$)
Net assets, beginning of period	19.18	20.12	20.21	20.00^b
Increase (decrease) from operations:				
Total revenue	0.62	0.67	0.74	0.16
Total expenses	(0.42)	(0.40)	(0.45)	(0.08)
Realized gains (losses) for the period	–	(0.01)	(0.09)	(0.06)
Unrealized gains (losses) for the period	1.35	(0.58)	(0.08)	0.28
Total increase (decrease) from operations²	1.55	(0.32)	0.12	0.30
Dividends:				
From dividends	(0.21)	(0.17)	(0.07)	(0.03)
From capital gains	–	–	(0.09)	(0.06)
Return of capital	(0.43)	(0.47)	(0.39)	–
Total dividends³	(0.64)	(0.64)	(0.55)	(0.09)
Net assets, end of period	20.05	19.18	20.12	20.21

Notes:

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 - Net assets and dividends are based on the actual number of shares outstanding at the relevant time. The increase (decrease) from operations is based on the weighted-average number of shares outstanding over the financial period.
 - Dividends were paid in cash or reinvested in additional shares of the Fund.

RATIOS AND SUPPLEMENTAL DATA

Series A ⁵	2019	2018	2017	2016
Total net asset value (\$) (000s) ¹	1,449	1,656	1,832	1
Number of shares outstanding (000s) ¹	72	86	91	–
Management expense ratio ²	1.85%	1.83%	1.86%	1.82%
Management expense ratio before waivers or absorptions ²	1.85%	1.83%	1.86%	1.82%
Trading expense ratio ³	0.20%	0.22%	0.13%	0.08%
Portfolio turnover rate ⁴	48.14%	83.79%	74.64%	31.86%

Notes:

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- The management expense ratio ("MER") is calculated as the total expenses, excluding dividends, commissions and other portfolio transaction costs, for the stated period and is expressed as an annualized percentage of the average daily NAV of the Fund. The Manager, at its sole discretion, may waive management fees or absorb expenses. Such waivers and absorptions can be terminated at any time. If the Fund invests in underlying funds managed by the Manager, the Manager does not charge management fees and administrative fees that would result in the duplication of a fee for the same services. The MER includes an allocation of expenses from the underlying funds held in the portfolio. Without the allocation, the MER would be 1.80% (2018 – 1.79%, 2017 – 1.80%, 2016 – 1.07%).
- The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of the Fund's daily average NAV. The trading expense ratio is calculated at the portfolio level and applies to all series of shares of the Fund.
- The portfolio turnover rate is calculated at the portfolio level based on the lesser of purchases or proceeds of sales of securities for the period, excluding cash, short-term notes, and bonds having maturity dates at acquisition of one year or less, divided by the average value of the portfolio securities for the period. The Fund's portfolio turnover rate indicates how actively the Fund's investment sub-advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the portfolio turnover rate in a year, the greater the trading costs payable in the year and the greater the chance of taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and fund performance. The portfolio turnover rate is calculated at the portfolio level and applies to all series of shares of the Fund.
- The Series A shares, Series F shares, Series D shares, Series XA shares, Series XF shares and Series XUF shares of the Fund are not traded on a stock exchange.

NET ASSETS PER SHARE¹

Series F	2019 (\$)	2018 (\$)	2017 (\$)	2016 ^a (\$)
Net assets, beginning of period	19.64	20.38	20.25	20.00^b
Increase (decrease) from operations:				
Total revenue	0.71	0.67	0.73	0.16
Total expenses	(0.26)	(0.18)	(0.24)	(0.02)
Realized gains (losses) for the period	0.01	0.02	(0.14)	(0.06)
Unrealized gains (losses) for the period	1.56	(0.51)	0.06	0.26
Total increase (decrease) from operations²	2.02	–	0.41	0.34
Dividends:				
From dividends	(0.22)	(0.17)	(0.07)	(0.04)
From capital gains	–	–	(0.09)	(0.05)
Return of capital	(0.43)	(0.48)	(0.39)	–
Total dividends³	(0.65)	(0.65)	(0.55)	(0.09)
Net assets, end of period	20.78	19.64	20.38	20.25

Notes:

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 - Net assets and dividends are based on the actual number of shares outstanding at the relevant time. The increase (decrease) from operations is based on the weighted-average number of shares outstanding over the financial period.
 - Dividends were paid in cash or reinvested in additional shares of the Fund.

RATIOS AND SUPPLEMENTAL DATA

Series F ⁵	2019	2018	2017	2016
Total net asset value (\$) (000s) ¹	3,266	5,944	6,859	1
Number of shares outstanding (000s) ¹	157	303	337	–
Management expense ratio ²	0.70%	0.68%	0.74%	0.69%
Management expense ratio before waivers or absorptions ²	0.70%	0.68%	0.74%	0.69%
Trading expense ratio ³	0.20%	0.22%	0.13%	0.08%
Portfolio turnover rate ⁴	48.14%	83.79%	74.64%	31.86%

Notes:

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- The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of the Fund's daily average NAV. The trading expense ratio is calculated at the portfolio level and applies to all series of shares of the Fund.
- The portfolio turnover rate is calculated at the portfolio level based on the lesser of purchases or proceeds of sales of securities for the period, excluding cash, short-term notes, and bonds having maturity dates at acquisition of one year or less, divided by the average value of the portfolio securities for the period. The Fund's portfolio turnover rate indicates how actively the Fund's investment sub-advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the portfolio turnover rate in a year, the greater the trading costs payable in the year and the greater the chance of taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and fund performance. The portfolio turnover rate is calculated at the portfolio level and applies to all series of shares of the Fund.
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NET ASSETS PER SHARE¹

Series D	2019 (\$)	2018 (\$)	2017 (\$)	2016 ^a (\$)
Net assets, beginning of period	19.56	20.29	20.25	20.00^b
Increase (decrease) from operations:				
Total revenue	0.76	0.62	0.69	0.16
Total expenses	(0.09)	(0.17)	(0.26)	(0.04)
Realized gains (losses) for the period	0.29	(0.27)	(0.07)	(0.06)
Unrealized gains (losses) for the period	-	(0.18)	(0.26)	0.28
Total increase (decrease) from operations²	0.96	-	0.10	0.34
Dividends:				
From dividends	(0.22)	(0.19)	(0.07)	(0.03)
From capital gains	-	-	(0.10)	(0.06)
Return of capital	(0.43)	(0.46)	(0.38)	-
Total dividends³	(0.65)	(0.65)	(0.55)	(0.09)
Net assets, end of period	20.70	19.56	20.29	20.25

Notes:

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- Net assets and dividends are based on the actual number of shares outstanding at the relevant time. The increase (decrease) from operations is based on the weighted-average number of shares outstanding over the financial period.
- Dividends were paid in cash or reinvested in additional shares of the Fund.

RATIOS AND SUPPLEMENTAL DATA

Series D ⁵	2019	2018	2017	2016
Total net asset value (\$) (000s) ¹	12	1	16	1
Number of shares outstanding (000s) ¹	1	-	1	-
Management expense ratio ²	1.02%	0.92%	1.02%	0.98%
Management expense ratio before waivers or absorptions ²	1.02%	0.92%	1.02%	0.98%
Trading expense ratio ³	0.20%	0.22%	0.13%	0.08%
Portfolio turnover rate ⁴	48.14%	83.79%	74.64%	31.86%

Notes:

- The financial information presented in the Ratios and Supplemental Data table is derived from the Fund's net asset value calculated for fund pricing purposes ("NAV") and is provided as at December 31 of the year shown.
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- The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of the Fund's daily average NAV. The trading expense ratio is calculated at the portfolio level and applies to all series of shares of the Fund.
- The portfolio turnover rate is calculated at the portfolio level based on the lesser of purchases or proceeds of sales of securities for the period, excluding cash, short-term notes, and bonds having maturity dates at acquisition of one year or less, divided by the average value of the portfolio securities for the period. The Fund's portfolio turnover rate indicates how actively the Fund's investment sub-advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the portfolio turnover rate in a year, the greater the trading costs payable in the year and the greater the chance of taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and fund performance. The portfolio turnover rate is calculated at the portfolio level and applies to all series of shares of the Fund.
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NET ASSETS PER SHARE¹

Series XA	2019 (\$)	2018 (\$)	2017 ^a (\$)
Net assets, beginning of period	18.60	19.63	20.00^b
Increase (decrease) from operations:			
Total revenue	0.56	0.65	0.52
Total expenses	(0.52)	(0.50)	(0.40)
Realized gains (losses) for the period	(0.01)	0.02	(0.03)
Unrealized gains (losses) for the period	1.27	(0.55)	(0.13)
Total increase (decrease) from operations²	1.30	(0.38)	(0.04)
Dividends:			
From dividends	(0.20)	(0.16)	(0.06)
From capital gains	-	-	(0.08)
Return of capital	(0.42)	(0.46)	(0.33)
Total dividends³	(0.62)	(0.62)	(0.47)
Net assets, end of period	19.29	18.60	19.63

Notes:

- Information presented is for the period March 24, 2017 to December 31, 2017.
- Initial offering price.
- This information is derived from the Fund's financial statements prepared in accordance with IFRS. For purposes of shareholder transactions, the Net Asset Value is calculated in accordance with the valuation rules as set out in the Fund's prospectus. The Fund's accounting policies for measuring the fair value of investments and derivatives are consistent with those used in measuring the Net Asset Value for transactions with shareholders.
- Net assets and dividends are based on the actual number of shares outstanding at the relevant time. The increase (decrease) from operations is based on the weighted-average number of shares outstanding over the financial period.
- Dividends were paid in cash or reinvested in additional shares of the Fund.

RATIOS AND SUPPLEMENTAL DATA

Series XA ⁵	2019	2018	2017
Total net asset value (\$) (000s) ¹	1,266	1,181	1,166
Number of shares outstanding (000s) ¹	66	64	59
Management expense ratio ²	2.57%	2.38%	1.87%
Management expense ratio before waivers or absorptions ²	2.57%	2.38%	1.87%
Trading expense ratio ³	0.20%	0.22%	0.13%
Portfolio turnover rate ⁴	48.14%	83.79%	74.64%

Notes:

- The financial information presented in the Ratios and Supplemental Data table is derived from the Fund's net asset value calculated for fund pricing purposes ("NAV") and is provided as at December 31 of the year shown.
- The management expense ratio ("MER") is calculated as the total expenses, excluding dividends, commissions and other portfolio transaction costs, for the stated period and is expressed as an annualized percentage of the average daily NAV of the Fund. The Manager, at its sole discretion, may waive management fees or absorb expenses. Such waivers and absorptions can be terminated at any time. If the Fund invests in underlying funds managed by the Manager, the Manager does not charge management fees and administrative fees that would result in the duplication of a fee for the same services. The MER includes an allocation of expenses from the underlying funds held in the portfolio. Without the allocation, the MER would be 2.52% (2018 - 2.34%, 2017 - 1.80%).
- The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of the Fund's daily average NAV. The trading expense ratio is calculated at the portfolio level and applies to all Series of shares of the Fund.
- The portfolio turnover rate is calculated at the portfolio level based on the lesser of purchases or proceeds of sales of securities for the period, excluding cash, short-term notes, and bonds having maturity dates at acquisition of one year or less, divided by the average value of the portfolio securities for the period. The Fund's portfolio turnover rate indicates how actively the Fund's investment sub-advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the portfolio turnover rate in a year, the greater the trading costs payable in the year and the greater the chance of taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and fund performance. The portfolio turnover rate is calculated at the portfolio level and applies to all Series of shares of the Fund.
- The Series A shares, Series F shares, Series D shares, Series XA shares, Series XF shares and Series XUF shares of the Fund are not traded on a stock exchange.

NET ASSETS PER SHARE¹

Series XF	2019 (\$)	2018 (\$)	2017 (\$)	2016 ^a (\$)
Net assets, beginning of period	19.29	20.17	20.16	20.00^b
Increase (decrease) from operations:				
Total revenue	0.55	0.70	0.69	0.04
Total expenses	(0.31)	(0.42)	(0.31)	(0.02)
Realized gains (losses) for the period	(0.04)	0.28	(0.08)	(0.07)
Unrealized gains (losses) for the period	1.28	(1.04)	0.08	0.14
Total increase (decrease) from operations²	1.48	(0.48)	0.38	0.09
Dividends:				
From dividends	(0.21)	(0.15)	(0.08)	(0.01)
From capital gains	-	-	(0.10)	(0.03)
Return of capital	(0.43)	(0.49)	(0.37)	-
Total dividends³	(0.64)	(0.64)	(0.55)	(0.04)
Net assets, end of period	20.19	19.29	20.17	20.16

Notes:

- Information presented is for the period December 13, 2016 to December 31, 2016.
- Initial offering price.
- This information is derived from the Fund's financial statements prepared in accordance with IFRS. For purposes of shareholder transactions, the Net Asset Value is calculated in accordance with the valuation rules as set out in the Fund's prospectus. The Fund's accounting policies for measuring the fair value of investments and derivatives are consistent with those used in measuring the Net Asset Value for transactions with shareholders.
- Net assets and dividends are based on the actual number of shares outstanding at the relevant time. The increase (decrease) from operations is based on the weighted-average number of shares outstanding over the financial period.
- Dividends were paid in cash or reinvested in additional shares of the Fund.

RATIOS AND SUPPLEMENTAL DATA

Series XF ⁵	2019	2018	2017	2016
Total net asset value (\$) (000s) ¹	18,282	12,380	3,434	541
Number of shares outstanding (000s) ¹	906	642	170	27
Management expense ratio ²	1.52%	1.63%	1.26%	1.69%
Management expense ratio before waivers or absorptions ²	1.52%	1.63%	1.26%	1.69%
Trading expense ratio ³	0.20%	0.22%	0.13%	0.08%
Portfolio turnover rate ⁴	48.14%	83.79%	74.64%	31.86%

Notes:

- The financial information presented in the Ratios and Supplemental Data table is derived from the Fund's net asset value calculated for fund pricing purposes ("NAV") and is provided as at December 31 of the year shown.
- The management expense ratio ("MER") is calculated as the total expenses, excluding dividends, commissions and other portfolio transaction costs, for the stated period and is expressed as an annualized percentage of the average daily NAV of the Fund. The Manager, at its sole discretion, may waive management fees or absorb expenses. Such waivers and absorptions can be terminated at any time. If the Fund invests in underlying funds managed by the Manager, the Manager does not charge management fees and administrative fees that would result in the duplication of a fee for the same services. The MER includes an allocation of expenses from the underlying funds held in the portfolio. The MER includes an allocation of expenses from the underlying funds held in the portfolio. Without the allocation, the MER would be 1.47% (2018 - 1.60%, 2017 - 1.19%, 2016 - 1.07%).
- The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of the Fund's daily average NAV. The trading expense ratio is calculated at the portfolio level and applies to all series of shares of the Fund.
- The portfolio turnover rate is calculated at the portfolio level based on the lesser of purchases or proceeds of sales of securities for the period, excluding cash, short-term notes, and bonds having maturity dates at acquisition of one year or less, divided by the average value of the portfolio securities for the period. The Fund's portfolio turnover rate indicates how actively the Fund's investment sub-advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the portfolio turnover rate in a year, the greater the trading costs payable in the year and the greater the chance of taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and fund performance. The portfolio turnover rate is calculated at the portfolio level and applies to all series of shares of the Fund.
- The Series A shares, Series F shares, Series D shares, Series XA shares, Series XF shares and Series XUF shares of the Fund are not traded on a stock exchange.

NET ASSETS PER SHARE¹

Series XUF	2019 (\$)	2018 ^a (\$)
Net assets, beginning of period	19.63	20.00^b
Increase (decrease) from operations:		
Total revenue	0.45	0.26
Total expenses	(0.34)	(0.16)
Realized gains (losses) for the period	(0.10)	0.23
Unrealized gains (losses) for the period	1.19	(0.55)
Total increase (decrease) from operations²	1.20	(0.22)
Dividends:		
From dividends	(0.21)	(0.05)
Return of capital	(0.44)	(0.17)
Total dividends³	(0.65)	(0.22)
Net assets, end of period	20.36	19.63

Notes:

- Information presented is for the period August 30, 2018 to December 31, 2018.
- Initial offering price.
- This information is derived from the Fund's financial statements prepared in accordance with IFRS. For purposes of shareholder transactions, the Net Asset Value is calculated in accordance with the valuation rules as set out in the Fund's prospectus. The Fund's accounting policies for measuring the fair value of investments and derivatives are consistent with those used in measuring the Net Asset Value for transactions with shareholders.
- Net assets and dividends are based on the actual number of shares outstanding at the relevant time. The increase (decrease) from operations is based on the weighted-average number of shares outstanding over the financial period.
- Dividends were paid in cash or reinvested in additional shares of the Fund.

RATIOS AND SUPPLEMENTAL DATA

Series XUF ⁵	2019	2018
Total net asset value (\$) (000s) ¹	4,658	1,227
Number of shares outstanding (000s) ¹	229	63
Management expense ratio ²	1.85%	1.50%
Management expense ratio before waivers or absorptions ²	1.85%	1.50%
Trading expense ratio ³	0.20%	0.22%
Portfolio turnover rate ⁴	48.14%	83.79%

Notes:

- The financial information presented in the Ratios and Supplemental Data table is derived from the Fund's net asset value calculated for fund pricing purposes ("NAV") and is provided as at December 31 of the year shown.
- The management expense ratio ("MER") is calculated as the total expenses, excluding dividends, commissions and other portfolio transaction costs, for the stated period and is expressed as an annualized percentage of the average daily NAV of the Fund. The Manager, at its sole discretion, may waive management fees or absorb expenses. Such waivers and absorptions can be terminated at any time. If the Fund invests in underlying funds managed by the Manager, the Manager does not charge management fees and administrative fees that would result in the duplication of a fee for the same services. The MER includes an allocation of expenses from the underlying funds held in the portfolio. The MER includes an allocation of expenses from the underlying funds held in the portfolio. Without the allocation, the MER would be 2.72% (2018 - 1.43%).
- The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of the Fund's daily average NAV. The trading expense ratio is calculated at the portfolio level and applies to all series of shares of the Fund.
- The portfolio turnover rate is calculated at the portfolio level based on the lesser of purchases or proceeds of sales of securities for the period, excluding cash, short-term notes, and bonds having maturity dates at acquisition of one year or less, divided by the average value of the portfolio securities for the period. The Fund's portfolio turnover rate indicates how actively the Fund's investment sub-advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the portfolio turnover rate in a year, the greater the trading costs payable in the year and the greater the chance of taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and fund performance. The portfolio turnover rate is calculated at the portfolio level and applies to all series of shares of the Fund.
- The Series A shares, Series F shares, Series D shares, Series XA shares, Series XF shares and Series XUF shares of the Fund are not traded on a stock exchange.



MANAGEMENT FEES

Purpose manages and administers the business, operations and affairs of the Fund. As compensation for the services it provides to the Fund, Purpose is entitled to receive an annual management fee in an amount equal to 0.55% of the NAV of the ETF shares, 1.55% of the Series A shares, 0.55% of the Series F shares and 0.80% of the Series D shares, 0.55% of the Series XF shares, 1.55% of the Series XA shares and 0.55% of the Series XUF shares. The management fees are calculated daily and paid monthly in arrears. Purpose utilizes the management fees to pay investment sub-advisory fees and service fees to registered dealers of Series A, Series D and Series XA shareholders, general and administrative expenses and earn revenue.

In addition, Series XA shares and Series XF shares will pay an additional fee of up to 0.65% per annum on the NAV of the Purpose In-Kind Exchange Fund, plus an amount in respect of hedging cost incurred in connection with the holdings of the Purpose In-Kind Exchange Fund, on a pro-rate basis.

The Fund may from time to time invest in other investment funds which are related funds managed by Purpose. An investment is made where it is an efficient and cost-effective way for the Fund to execute its investment strategy. The investment may only be made on the basis that there will be no duplication of management fees.

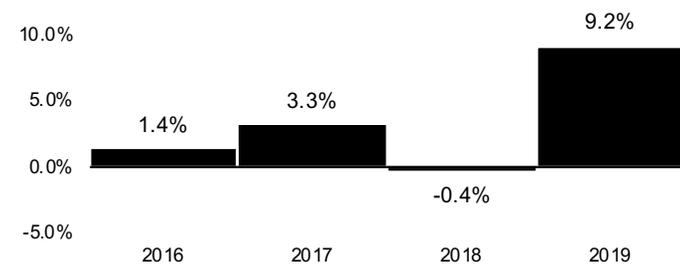
PAST PERFORMANCE

Please note that the performance information shown in this section assumes that all dividends made by the Fund, if any, in the periods shown were reinvested in additional securities of the Fund. It does not take into account sales, redemptions, distributions or other optional charges, or income taxes payable by any investor, which would have reduced the returns. The performance of the Fund in the past does not necessarily indicate how it will perform in the future.

YEAR-BY-YEAR RETURNS

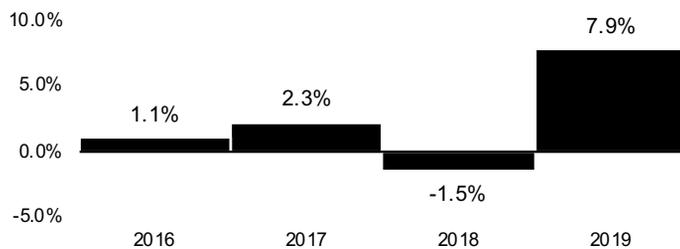
The bar charts show the performance of each series of shares for the financial period in percentage terms, indicating how much an investment made on the first day of the period would have grown or decreased by the last day of the period.

ETF Share - NAV



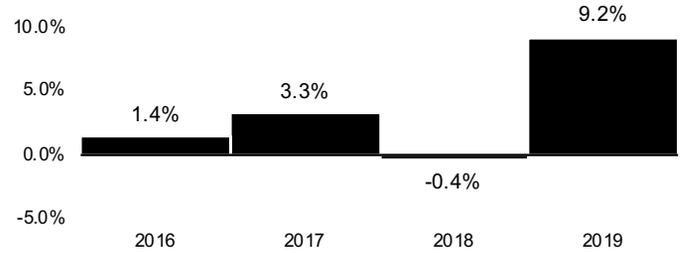
Return labelled 2016 is for the period from October 26, 2016 to December 31, 2016.

Series A - NAV



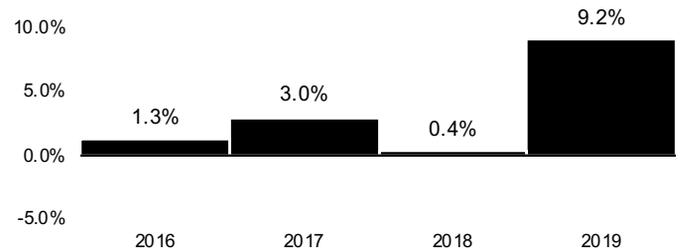
Return labelled 2016 is for the period from October 26, 2016 to December 31, 2016.

Series F - NAV



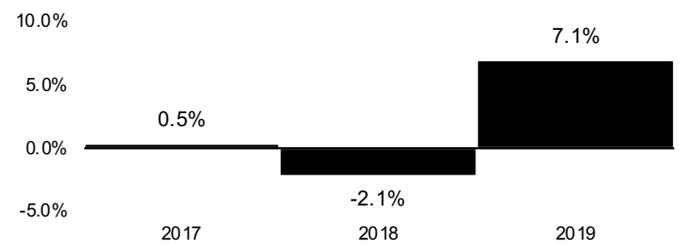
Return labelled 2016 is for the period from October 26, 2016 to December 31, 2016.

Series D - NAV



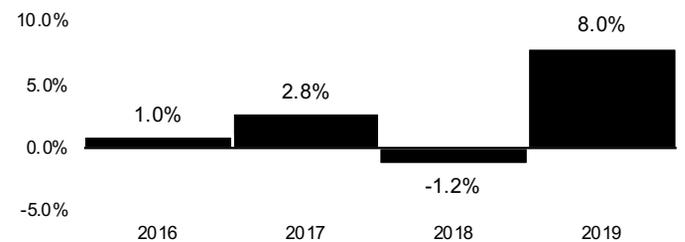
Return labelled 2016 is for the period from October 26, 2016 to December 31, 2016.

Series XA - NAV



Return labelled 2017 is for the period from March 24, 2017 to December 31, 2017.

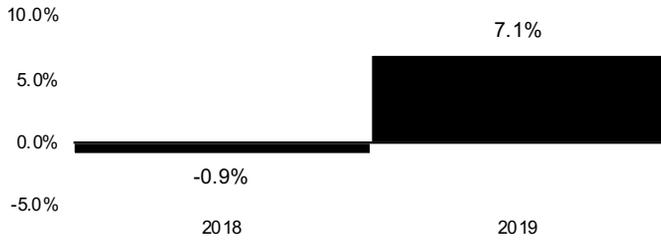
Series XF - NAV



Return labelled 2016 is for the period from December 13, 2016 to December 31, 2016.



Series XUF - NAV



Return labelled 2018 is for the period from August 30, 2018 to December 31, 2018.

ANNUAL COMPOUND RETURNS

The table below summarizes the Fund’s annual compound total returns for the period ended December 31 as indicated. As a basis of comparison, we have provided the performance of Benchmark: 15% S&P/TSX 60 Index & 25% S&P 500 Index CAD Hedged & 60% FTSE TMX Canada Universe Bond Index (“Index”). As the criteria for determining the constituents of the Fund and the Index differ, it is not expected that the Fund’s performance will mirror that of the Index. Further, the return of the Index is calculated without the deduction of management fees and fund expenses whereas the performance of the Fund is calculated after deducting such fees and expenses.

Period	Series ETF ¹ NAV (%)	Series A ¹ NAV (%)	Series F ¹ NAV (%)	Series D ¹ NAV (%)	Series XA ³ NAV (%)	Series XF ² NAV (%)	Series XUF ⁴ NAV (%)	Index ¹ (%)
1 year	9.15	7.94	9.17	9.21	7.15	8.05	7.12	15.25
3 years	3.94	2.85	3.96	3.86	N/A	3.16	N/A	6.98
Since inception	4.17	3.05	4.18	4.06	1.93	3.42	4.56	6.69

- 1) Return since inception is for the period starting October 26, 2016.
- 2) Return since inception is for the period starting December 13, 2016.
- 3) Return since inception is for the period starting March 24, 2017.
- 4) Return since inception is for the period starting August 30, 2018.



SUMMARY OF INVESTMENT PORTFOLIO

As at December 31, 2019

SECTOR MIX

	% of Fund's Net Asset Value
Long Positions	
Exchange Traded Funds	37.2
Information Technology	5.0
Health Care	4.9
Energy	4.7
Consumer Discretionary	4.4
Industrials	4.3
Financials	4.3
Money Market Funds	4.1
Communication Services	4.1
Materials	3.9
Consumer Staples	3.7
Utilities	3.0
Real Estate	2.3
Equity Put Options	0.1
Cash and Cash Equivalents	12.7
Net Other Assets	1.8
Short Positions	
Equity Call Options	(0.3)
Equity Put Options	(0.0)
Total Net Asset Value	100.0

ASSET MIX

	% of Fund's Net Asset Value
Long Positions	
Exchange Traded Funds	37.2
US Equities	33.3
Canadian Equities	10.7
Money Market Funds	4.1
Switzerland Equities	0.3
Israel Equities	0.2
Equity Put Options	0.1
Cash and Cash Equivalents	12.7
Net Other Assets	1.8
Short Positions	
Equity Call Options	(0.3)
Equity Put Options	(0.0)
Total Net Asset Value	100.0

TOP 25 HOLDINGS

	% of Fund's Net Asset Value
Purpose Global Bond Fund	20.5
Cash and Cash Equivalents	12.7
BMO Mid Federal Bond Index ETF	7.5
BMO High Yield US Corporate Bond Hedged to CAD ETF	6.9
Purpose High Interest Savings ETF	4.1
BMO Mid Corporate Bond Index ETF	2.2
Amgen Inc.	0.7
The Western Union Co.	0.7
Avery Dennison Corp.	0.7
AT&T Inc.	0.6
The Southern Co.	0.6
The Procter & Gamble Co.	0.6
Verizon Communications Inc.	0.6
Merck & Co. Inc.	0.6
The Coca-Cola Co.	0.6
Omnicom Group Inc.	0.6
Sonoco Products Co.	0.6
PepsiCo, Inc.	0.6
McDonald's Corp.	0.5
Target Corp.	0.5
Canadian Natural Resources Ltd.	0.5
AbbVie Inc.	0.5
Power Financial Corp.	0.4
Las Vegas Sands Corp.	0.4
LyondellBasell Industries NV, Class 'A'	0.4

For investments in other investment funds, their prospectus and other information is available at www.sedar.com.
The investment portfolio may change due to ongoing portfolio transactions. An updated listing is available quarterly.

CORPORATE INFORMATION

MANAGER

Purpose Investments Inc.
130 Adelaide Street West
Suite 3100, P.O. Box 109
Toronto, ON M5H 3P5

AUDITOR

Ernst & Young LLP
EY Tower
100 Adelaide Street West, P.O. Box 1
Toronto, ON M5H 0B3

CUSTODIAN

CIBC Mellon Trust Company
1 York Street, Suite 700
Toronto, ON M5J 0B6

REGISTRAR AND TRANSFER AGENT

TSX Trust Company
100 Adelaide Street West, Suite 301
Toronto, ON M5H 4H1

SHAREHOLDER AND RECORDKEEPING

CIBC Mellon Global Securities Company
1 York Street, Suite 700
Toronto, ON M5J 0B6

BOARD OF DIRECTORS AND INDEPENDENT REVIEW COMMITTEE OF PURPOSE FUND CORP.

Som Seif

Chief Executive Officer, Chairman of the Board of Directors and Director

Douglas G. Hall

Director, Chair of the Independent Review Committee

Randall C. Barnes

Director, Member of the Independent Review Committee

Jean M. Fraser

Director, Member of the Independent Review Committee

OFFICERS AND DIRECTORS OF PURPOSE INVESTMENTS INC.

Som Seif

Chief Executive Officer, Chairman of the Board of Directors and Director

Rashay Jethalal

President

Vladimir Tasevski

Vice President

Jeff Bouganim

Chief Financial Officer, Director

Caitlin Gossage

Chief Compliance Officer