

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 (“MRFP”) contains financial highlights. Purpose Silver Bullion Fund’s (the “Fund”) financial statements are included at the back of the MRFP.

The management report of fund performance presents the views of the manager and 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 Silver Bullion Fund (the “Fund”) invests in and holds substantially all of its assets in long-term holdings of silver bullion in order to provide investors with a secure, convenient, low-cost alternative for investors interested in holding an investment in silver bullion.

The Fund invests in and holds unencumbered silver bullion on a long-term basis in 1,000-ounce international bar sizes, and not to speculate with regard to short-term changes in silver prices, in order to provide investors with the ability to effectively invest in unencumbered silver bullion in a convenient and secure manner, without the associated inconvenience and relatively high transaction, handling, storage, insurance and other costs typical of a direct silver bullion investment.

Purpose Investments Inc., (“Purpose” or the “Manager”) is the manager and trustee of the Fund. Silver Administrators Ltd. (the “Administrator”) acts as the administrator of the Fund pursuant to an Administrative Services Agreement with the Fund. The Fund’s investment strategy is to invest substantially all of the assets of the Fund in Silver Bullion.

The Fund’s registered office is located at 130 Adelaide St. West, Suite 3100, PO Box 109, Toronto, Ontario, M5H 3P5.

RISK

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

RESULTS OF OPERATIONS

The Fund offers ETF units listed on the Toronto Stock Exchange under the tickers SBT, SBT.B and SBT.U and mutual fund classes in currency hedged, non-currency hedged and U.S. Dollar purchase option.

The net asset value per unit as at:

Class	December 31, 2019 (\$)	December 31, 2018 (\$)
ETF Unit (SBT) (expressed in CAD)	10.42	9.04
ETF Unit (expressed in USD)	8.02	6.62
ETF Non-Currency Hedged Unit (SBT.B)	12.80	11.51
ETF Non-Currency Hedged Unit USD (SBT.U)	9.86	8.43

During the year ended December 31, 2019 the Fund did not pay any distributions.

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.

Precious metals performed strongly over the reference period as investors grew increasingly concerned about the length of the equity bull market. The greatest gains for metals occurred over the summer, coinciding with fears over global growth and the associated risk of recession. Performance was choppy during

the late months of 2019, however momentum was maintained well enough to preserve strong full-year returns.

Fund performance was correspondingly strong over the reference period as investors returned to the safe-haven trade that has traditionally been satisfied through the use of precious metals, including silver.

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 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 Fund 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 UNIT¹

ETF Units	2019 (\$)	2018 (\$)	2017 (\$)	2016 ^a (\$)
Net assets, beginning of year	9.04	10.06	9.90	10.00
Net assets (USD), beginning of year	6.62	8.02	7.37	7.62
Increase (decrease) from operations:				
Total revenue	-	(0.01)	-	0.02
Total expenses	(0.06)	(0.06)	(0.06)	(0.06)
Realized gains (losses) for the year	0.05	(0.43)	0.21	(0.13)
Unrealized gains (losses) for the year	1.39	(0.53)	0.01	0.08
Total increase (decrease) from operations ²	1.38	(1.03)	0.16	(0.09)
Net assets, end of year	10.42	9.04	10.06	9.90
Net assets (USD), end of year	8.02	6.62	8.02	7.37

Notes:

- a) Information presented is for the period from May 24, 2016 to December 31, 2016.
- 1) This information is derived from the Fund's financial statements prepared in accordance with IFRS. For purposes of unitholder 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 unitholders.
- 2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted-average number of units outstanding over the financial period.

RATIOS AND SUPPLEMENTAL DATA

ETF Units	2019	2018	2017	2016
Total net asset value (\$) (000s) ¹	1,042	904	1,006	990
Number of units outstanding (000s) ¹	100	100	100	100
Management expense ratio ²	0.45%	0.61%	0.61%	0.36%
Management expense ratio before waivers or absorptions ²	0.65%	0.61%	0.61%	0.36%
Trading expense ratio ³	0.16%	0.00%	0.14%	0.00%
Portfolio turnover rate ⁴	2.75%	2.61%	0.00%	7.26%
Closing market price (SBT) (\$)	9.79	8.69	10.01	9.54

Notes:

- 1) 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.
- 2) The management expense ratio ("MER") is calculated as the total expenses, excluding distributions, 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.
- 3) 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 classes of units of the Fund.
- 4) The portfolio turnover rate is 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 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 classes of units of the Fund.

NET ASSETS PER UNIT¹

ETF Non-Currency Hedged Units	2019 (\$)	2018 (\$)	2017 (\$)	2016 (\$)	2015 (\$)
Net assets, beginning of year	11.51	11.77	12.19	10.77	10.81
Net assets (USD), beginning of year	8.43	9.36	9.08	7.78	9.30
Increase (decrease) from operations:					
Total revenue	-	-	-	0.02	0.00
Total expenses	(0.09)	(0.08)	(0.08)	(0.08)	(0.41)
Realized gains (losses) for the year	(0.15)	(0.07)	0.03	0.08	(0.02)
Unrealized gains (losses) for the year	1.44	(0.12)	(0.33)	1.69	(1.54)
Total increase (decrease) from operations ²	1.20	(0.27)	(0.38)	1.71	(1.97)
Net assets, end of year	12.80	11.51	11.77	12.19	10.77
Net assets (USD), end of year	9.86	8.43	9.36	9.08	7.78

Notes:

- 1) This information is derived from the Fund's financial statements prepared in accordance with IFRS. For purposes of unitholder 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 unitholders.
- 2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted-average number of units outstanding over the financial period.

RATIOS AND SUPPLEMENTAL DATA

ETF Non-Currency Hedged Units	2019	2018	2017	2016	2015
Total net asset value (\$) (000s) ¹	41,577	46,375	51,530	54,887	58,858
Number of units outstanding (000s) ¹	3,248	4,028	4,378	4,503	5,467
Management expense ratio ²	0.51%	0.66%	0.66%	0.59%	4.59% ⁵
Management expense ratio before waivers or absorptions ²	0.72%	0.66%	0.66%	0.51%	4.59% ⁵
Trading expense ratio ³	0.26%	0.00%	0.18%	0.00%	0.00%
Portfolio turnover rate ⁴	2.75%	2.61%	0.00%	0.00%	0.00%
Closing market price (SBT.B) (\$)	12.75	11.50	11.75	11.83	10.17
Closing market price (SBT.U) (\$)	12.81	8.43	9.32	8.85	7.41

Notes:

- 1) 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. On May 26, 2016, Silver Bullion Trust converted to Silver Bullion Trust Non-Currency Hedged exchange traded fund. The financial information presented includes the period before the conversion.
- 2) The management expense ratio ("MER") is calculated as the total expenses, excluding distributions, 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.
- 3) 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 classes of units of the Fund.
- 4) The portfolio turnover rate is 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 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 classes of units of the Fund.
- 5) During 2015, the Fund incurred additional legal expenses, as authorized by the Trustees at the time, related to a Special Meeting and unsolicited takeover bid by Sprott Asset Management. The MER without these expenses would have been 0.52%. These expenses are non-recurring onetime expenses.



ADMINISTRATION FEES

Purpose manages and administers the business, operations and affairs of the Fund. As compensation for the services it provides the Fund will pay Purpose a declining fee (the "Management Fees") pursuant to the terms of the Management Services Agreement, plus applicable HST, on a monthly basis in arrears, equal to: 0.40% per annum on the first US\$100,000,000 of the Fund's total net assets; 0.30% per annum on any excess over US\$100,000,000 up to US\$200,000,000 of total net assets; and 0.20% per annum on any excess over US\$200,000,000 of total net assets as at the month-end Valuation Date. Currently, the annual management fee for the Fund is 0.20% of the NAV of the units.

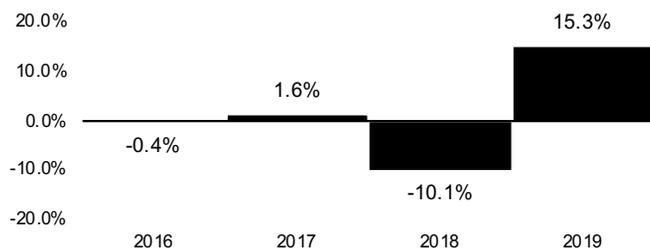
PAST PERFORMANCE

Please note that the total return performance information shown in this section assumes that all distributions made by the Fund, if any, in the period 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

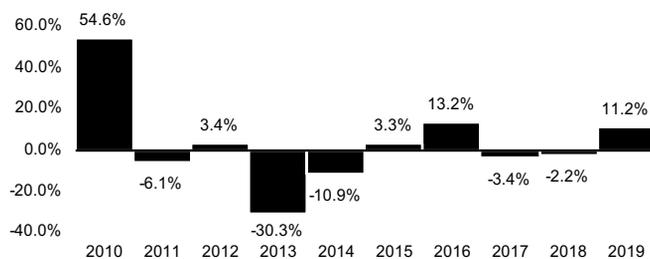
The bar chart shows the performance of the units for the financial period in percentage terms, indicating how much an investment made on the first day of the period would have grown or decreased by the last day of the period.

ETF Unit - NAV



Return labelled 2016 is for the period from May 24, 2016 to December 31, 2016.

ETF Non-Currency Hedged Unit - NAV



ANNUAL COMPOUND RETURNS

The table below summarizes the Fund's annual compound total returns for the period ended December 31 as indicated.

Period	ETF Units ² NAV (%)	ETF Non-Currency Hedged Units ¹ NAV (%)
1 year	15.29	11.19
3 years	1.71	1.65
5 years	N/A	3.44
10 years	N/A	2.32
Since inception	1.33	2.22

1) Return since inception is for the period starting July 29, 2009.

2) Return since inception is for the period starting May 25, 2016.

SUMMARY OF INVESTMENT PORTFOLIO

As at December 31, 2019

ASSET MIX

	% of Fund's Net Asset Value
Long Positions	
Direct Commodities	100.4
Cash and Cash Equivalents	0.3
Net Other Assets	(0.7)
Total Net Asset Value	100.0

TOP HOLDINGS

	% of Fund's Net Asset Value
Silver Bars	98.9
Silver Certificate	1.4
Cash and Cash Equivalents	0.3

The investment portfolio may change due to ongoing portfolio transactions. An updated listing is available quarterly.

FUND 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

UNITHOLDER 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 FUNDS

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