

**PURPOSE**  
INVESTMENTS

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

**PURPOSE STRATEGIC YIELD FUND**  
**(FORMERLY REDWOOD STRATEGIC YIELD FUND)**  
FOR THE FINANCIAL PERIOD ENDED JUNE 30, 2018

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This interim management report of fund performance (“MRFP”) contains financial highlights but does not contain interim financial statements of the investment fund. You can get a copy of the interim financial statements at your request, and at no cost, by visiting our website at [www.purposeinvest.com](http://www.purposeinvest.com) or SEDAR at [www.sedar.com](http://www.sedar.com), by calling or by writing to us at Purpose Investments Inc., 130 Adelaide Street West, Suite 1700, P.O. Box 83, Toronto, Ontario M5H 3P5.

In addition, unitholders may also contact us using one of these methods to request copies of the Fund’s annual financial report, proxy voting policies and procedures, proxy voting disclosure records, and quarterly portfolio disclosures.

For more information on the Fund’s current and historical net asset value per unit, please visit [www.purposeinvest.com](http://www.purposeinvest.com).

### 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.

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## INTERIM 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.

Redwood Asset Management Inc. ("Redwood") was amalgamated into Purpose Investments Inc. ("Purpose"). The Fund changed its name to Purpose Strategic Yield Fund effective May 2, 2018.

### INVESTMENT OBJECTIVES AND STRATEGIES

The Fund seeks to provide investors with a high yield while providing the opportunity for capital appreciation and maintaining low risk by investing primarily in, or obtaining exposure primarily to, fixed income securities of corporate issuers located in Canada or the United States. To this end, the Fund invests in Canadian and US dollar denominated global convertible bonds and high yield debt.

To achieve its objective, the Fund invests in an actively managed portfolio comprised primarily of Canadian and U.S. dollar denominated high yield debt securities, convertible bonds and loans and also may invest in any other yield-based security or asset class that develops over time. The Fund seeks to select securities based on their expected return relative to risk characteristics, taking into consideration factors such as industry attractiveness, issuer credit quality, yield, duration and call protection. The Fund seeks to maintain a portfolio diversified by company, market capitalization, sector, industry, credit rating and, where appropriate, region. To a lesser extent, the Fund may invest in other types of fixed income securities and dividend-paying common shares. The Fund may hold other equity securities from time to time resulting from the conversion or restructuring of the Fund's other investments, and may take short positions in equity securities as a hedge for the Fund's long positions in convertible bonds of such issuers. The Fund may hold Canadian or U.S. government debt and/or cash equivalents may be held from time to time as market conditions dictate. There is no limit on the percentage of the Fund's assets that may be invested outside Canada.

### 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 net asset value per unit as at:

Class	June 30, 2018 (\$)	December 31, 2017 (\$)
ETF Units	19.97	-
Class A	8.24	8.32
Class F	8.77	8.80
Class I	11.82	11.73
Class X	8.11	8.19
Class Y	10.01	10.09
Class UA	11.02	10.57
Class UA (USD)	8.38	8.41
Class UF	11.46	10.95
Class UF (USD)	8.71	8.71
Class TA6	11.36	11.46
Class TF6	11.70	11.76

During the period ended June 30, 2018 the Fund paid distributions as follows:

	ETF Units (\$)	Class A (\$)	Class F (\$)	Class I (\$)	Class X (\$)	Class Y (\$)
January	-	0.0425	0.0425	0.0425	0.0425	0.0510
February	-	0.0425	0.0425	0.0425	0.0425	0.0510
March	-	0.0425	0.0425	0.0425	0.0425	0.0510
April	0.0970	0.0425	0.0425	0.0425	0.0425	0.0510
May	0.0970	0.0425	0.0425	0.0425	0.0425	0.0510
June	0.0970	0.0425	0.0425	0.0425	0.0425	0.0510
Total	0.2910	0.2556	0.2547	0.2548	0.2549	0.3072

	Class UA (USD)	Class UF (USD)	Class TA6 (\$)	Class TF6 (\$)
January	0.0425	0.0425	0.0573	0.0587
February	0.0425	0.0425	0.0569	0.0584
March	0.0425	0.0425	0.0571	0.0586
April	0.0520	0.0540	0.0570	0.0586
May	0.0520	0.0540	0.0569	0.0585
June	0.0520	0.0540	0.0569	0.0586
Total	0.3645	0.3726	0.3405	0.3537

During the first half of 2018 the bear market in government bonds continued, as US economic expansion drove forward, with little to no slack in the labour market, leading the US Federal Reserve (the Fed) to hike interest rates. This led to investment grade corporate debt underperforming the high yield market this year, just as it has during most periods of rising rates in the history of the high yield debt market. Despite geopolitical friction, discussions of trade wars, and rising interest rates, the Fund performed well outperforming one of the largest passive US high yield ETF's.

Top contributors throughout the period were Largo Resources, added in the Q2, and Bi-Lo Holdings which have been a top holding of the Fund since late-2016. Largo Resources is a large-scale producer of vanadium, a key component in the manufacturing of steel. There were no material detractors to Fund performance during the period.

Redwood Asset Management Inc. ("Redwood") was amalgamated into Purpose Investments Inc. ("Purpose"). The Fund changed its name to Purpose Strategic Yield Fund effective May 2, 2018.

### RECENT DEVELOPMENTS

On April 5, 2018 ETF units of Purpose Strategic Yield Fund commenced trading on the Toronto Stock Exchange today under the ticker symbol SYLD.

In April the Fund received a name change; altered to Purpose Strategic Yield Fund from the former Redwood Strategic Yield Fund. In addition, the Portfolio Manager (the Manager) changed to Sandy Liang, who has over 25 years of experience managing credit investments.

In light of the Managers view that the global economy is more synchronized than prior times, the Manager believes that the risk of a true global economic downturn is low, even amid the tariff rhetoric coming from multiple parties. Given this position, the Fund continues to be positioned with a high proportion of non-investment grade B-rated corporate debt. Overall, credit spreads have widened and yields have increased since the beginning of the year. While the Fund has a higher than normal cash weighting the Manager continues to pursue additional avenues that meet our risk/return criteria, expecting that internal yield will increase in the coming months.

The members of the Independent Review Committee as at December 31, 2017 were Douglas G. Hall (Chair), Randall C. Barnes, and Michael Hollend.

On February 5, 2018 Michael Hollend ceased being a member of the Independent Review Committee. The vacant position was filled by Jean M. Fraser on May 18, 2018.

## RELATED PARTY TRANSACTIONS

Purpose Investments Inc. 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.

## 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, except 2018 which is provided as at June 30:

### NET ASSETS PER UNIT <sup>(1)</sup>

For the period from April 5, 2018 to June 30, 2018:

ETF Units	2018 <sup>(a)</sup> (\$)
<b>Net asset value, beginning of year</b>	<b>20.00 <sup>(b)</sup></b>
<b>Increase (decrease) from operations:</b>	
Total revenue	0.30
Total expenses	(0.05)
Realized gains (losses) for the period	(0.33)
Unrealized gains (losses) for the period	0.30
Total increase (decrease) from operations <sup>(2)</sup>	0.22
<b>Distributions:</b>	
From investment income	(0.29)
Total distributions <sup>(3)</sup>	(0.29)
<b>Net asset value, end of year</b>	<b>19.97</b>

Notes:

(a) Information presented is for the period April 5, 2018 to June 30, 2018.

(b) Initial offering price.

- 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.
- 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.
- Distributions were paid in cash or reinvested in additional units of the Fund.

## RATIOS AND SUPPLEMENTAL DATA

ETF Units	2018
Total net asset value (\$) (000's) <sup>(1)</sup>	34,452
Number of units outstanding (000's) <sup>(1)</sup>	1,725
Management expense ratio <sup>(2)</sup>	1.13%
Management expense ratio before absorptions <sup>(2)</sup>	1.13%
Trading expense ratio <sup>(3)</sup>	0.01%
Portfolio turnover rate <sup>(4)</sup>	64.40%
Closing market price (\$)	19.99

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 June 30, 2018.
- 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. 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 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.
- The Fund's portfolio turnover rate indicates how actively the Fund's Portfolio Manager 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 Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. Portfolio turnover rate is calculated by dividing the lesser of the cost of purchases and the proceeds of sales of portfolio securities for the period, excluding cash and short-term investments maturing in less than one year, by the average market value of investments during the period.

**NET ASSETS PER UNIT <sup>(1)</sup>**

Class A	2018 <sup>(a)</sup> (\$)	2017 (\$)	2016 (\$)	2015 (\$)	2014 (\$)	2013 (\$)
<b>Net asset value, beginning of year</b>	<b>8.32</b>	<b>7.99</b>	<b>7.75</b>	<b>8.93</b>	<b>9.41</b>	<b>9.18</b>
<b>Increase (decrease) from operations:</b>						
Total revenue	0.27	0.59	0.64	0.73	0.12	-
Total expenses	(0.08)	(0.16)	(0.17)	(0.19)	(0.27)	(0.22)
Realized gains (losses) for the period	0.08	0.59	(0.19)	(0.65)	1.70	0.52
Unrealized gains (losses) for the period	(0.10)	(0.11)	0.52	(0.24)	(1.41)	0.43
Total increase (decrease) from operations <sup>(2)</sup>	0.17	0.91	0.80	(0.35)	0.14	0.73
<b>Distributions:</b>						
From investment income	(0.26)	(0.43)	(0.59)	(0.69)	(0.05)	-
Return of capital	-	(0.08)	(0.03)	-	(0.47)	(0.51)
Total distributions <sup>(3)</sup>	(0.26)	(0.51)	(0.62)	(0.69)	(0.52)	(0.51)
<b>Net asset value, end of year</b>	<b>8.24</b>	<b>8.32</b>	<b>7.99</b>	<b>7.75</b>	<b>8.93</b>	<b>9.41</b>

Notes:

(a) Information presented is for the period January 1, 2018 to June 30, 2018.

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**RATIOS AND SUPPLEMENTAL DATA**

Class A	2018	2017	2016	2015	2014	2013
Total net asset value (\$) (000's) <sup>(1)</sup>	87,741	65,559	68,629	90,094	152,710	50,124
Number of units outstanding (000's) <sup>(1)</sup>	10,647	7,877	8,594	11,622	17,094	5,324
Management expense ratio <sup>(2)</sup>	2.05%	2.28%	2.28%	2.16%	2.23%	2.33%
Management expense ratio before absorptions <sup>(2)</sup>	2.05%	2.28%	2.28%	2.16%	2.23%	2.33%
Trading expense ratio <sup>(3)</sup>	0.01%	0.01%	0.01%	0.00%	0.62%	0.72%
Portfolio turnover rate <sup>(4)</sup>	64.40%	84.94%	46.46%	53.16%	116.10%	72.41%

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, except 2018 which is shown as at June 30.
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**NET ASSETS PER UNIT <sup>(1)</sup>**

Class F	2018 <sup>(a)</sup> (\$)	2017 (\$)	2016 (\$)	2015 (\$)	2014 (\$)	2013 (\$)
<b>Net asset value, beginning of year</b>	<b>8.80</b>	<b>8.36</b>	<b>8.03</b>	<b>9.17</b>	<b>9.58</b>	<b>9.25</b>
<b>Increase (decrease) from operations:</b>						
Total revenue	0.29	0.62	0.66	0.76	0.17	-
Total expenses	(0.05)	(0.16)	(0.11)	(0.12)	(0.19)	(0.14)
Realized gains (losses) for the period	0.12	0.62	(0.15)	(0.65)	1.55	0.54
Unrealized gains (losses) for the period	(0.14)	(0.05)	0.55	(0.32)	(1.26)	0.37
Total increase (decrease) from operations <sup>(2)</sup>	0.22	1.03	0.95	(0.33)	0.27	0.77
<b>Distributions:</b>						
From investment income	(0.25)	(0.42)	(0.60)	(0.71)	(0.05)	-
Return of capital	-	(0.09)	(0.03)	-	(0.47)	(0.51)
Total distributions <sup>(3)</sup>	(0.25)	(0.51)	(0.63)	(0.71)	(0.52)	(0.51)
<b>Net asset value, end of year</b>	<b>8.77</b>	<b>8.80</b>	<b>8.36</b>	<b>8.03</b>	<b>9.17</b>	<b>9.58</b>

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**RATIOS AND SUPPLEMENTAL DATA**

Class F	2018	2017	2016	2015	2014	2013
Total net asset value (\$) (000's) <sup>(1)</sup>	25,200	26,194	33,927	51,742	80,132	17,434
Number of units outstanding (000's) <sup>(1)</sup>	2,874	2,975	4,060	6,445	8,736	1,820
Management expense ratio <sup>(2)</sup>	1.23%	1.46%	1.47%	1.32%	1.41%	1.47%
Management expense ratio before waivers or absorptions <sup>(2)</sup>	1.23%	1.46%	1.47%	1.32%	1.41%	1.47%
Trading expense ratio <sup>(3)</sup>	0.01%	0.01%	0.01%	0.01%	0.62%	0.72%
Portfolio turnover rate <sup>(4)</sup>	64.40%	84.94%	46.46%	53.16%	116.10%	72.41%

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, except 2018 which is shown as at June 30.
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**NET ASSETS PER UNIT <sup>(1)</sup>**

Class I	2018 <sup>(a)</sup> (\$)	2017 (\$)	2016 (\$)	2015 (\$)	2014 (\$)	2013 (\$)
<b>Net asset value, beginning of year</b>	<b>11.73</b>	<b>10.88</b>	<b>10.22</b>	<b>11.45</b>	<b>11.70</b>	<b>11.08</b>
<b>Increase (decrease) from operations:</b>						
Total revenue	0.38	0.80	0.84	0.95	0.19	-
Total expenses	(0.02)	(0.21)	(0.04)	(0.03)	(0.12)	(0.05)
Realized gains (losses) for the period	0.17	0.80	(0.37)	(0.83)	1.97	0.64
Unrealized gains (losses) for the period	(0.18)	0.22	0.78	(0.46)	(1.58)	0.47
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>0.35</b>	<b>1.61</b>	<b>1.21</b>	<b>(0.37)</b>	<b>0.46</b>	<b>1.06</b>
<b>Distributions:</b>						
From investment income	(0.25)	(0.02)	(0.66)	(0.79)	(0.05)	-
Return of capital	-	(0.49)	(0.04)	-	(0.47)	(0.51)
<b>Total distributions <sup>(3)</sup></b>	<b>(0.25)</b>	<b>(0.51)</b>	<b>(0.70)</b>	<b>(0.79)</b>	<b>(0.52)</b>	<b>(0.51)</b>
<b>Net asset value, end of year</b>	<b>11.82</b>	<b>11.73</b>	<b>10.88</b>	<b>10.22</b>	<b>11.45</b>	<b>11.70</b>

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- Distributions were paid in cash or reinvested in additional units of the Fund.

**RATIOS AND SUPPLEMENTAL DATA**

Class I	2018	2017	2016	2015	2014	2013
Total net asset value (\$) (000's) <sup>(1)</sup>	264	257	21,951	53,722	68,340	17,230
Number of units outstanding (000's) <sup>(1)</sup>	22	22	2,018	5,256	5,971	1,472
Management expense ratio <sup>(2)</sup>	0.32%	0.38%	0.39%	0.24%	0.41%	0.47%
Management expense ratio before waivers or absorptions <sup>(2)</sup>	0.32%	0.38%	0.39%	0.24%	0.41%	0.47%
Trading expense ratio <sup>(3)</sup>	0.01%	0.01%	0.01%	0.01%	0.62%	0.72%
Portfolio turnover rate <sup>(4)</sup>	64.40%	84.94%	46.46%	53.16%	116.10%	72.41%

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, except 2018 which is shown as at June 30.
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**NET ASSETS PER UNIT <sup>(1)</sup>**

Class X	2018 <sup>(a)</sup> (\$)	2017 (\$)	2016 (\$)	2015 (\$)	2014 (\$)	2013 (\$)
<b>Net asset value, beginning of year</b>	<b>8.19</b>	<b>7.86</b>	<b>7.64</b>	<b>8.81</b>	<b>9.28</b>	<b>9.05</b>
<b>Increase (decrease) from operations:</b>						
Total revenue	0.27	0.58	0.63	0.72	0.04	-
Total expenses	(0.08)	(0.15)	(0.17)	(0.18)	(0.28)	(0.21)
Realized gains (losses) for the period	0.11	0.58	(0.17)	(0.65)	1.83	0.51
Unrealized gains (losses) for the period	(0.12)	(0.10)	0.51	(0.26)	(1.47)	0.47
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>0.18</b>	<b>0.91</b>	<b>0.80</b>	<b>(0.37)</b>	<b>0.12</b>	<b>0.77</b>
<b>Distributions:</b>						
From investment income	(0.25)	(0.40)	(0.60)	(0.70)	(0.05)	-
Return of capital	-	(0.11)	(0.03)	-	(0.47)	(0.51)
<b>Total distributions <sup>(3)</sup></b>	<b>(0.25)</b>	<b>(0.51)</b>	<b>(0.63)</b>	<b>(0.70)</b>	<b>(0.52)</b>	<b>(0.51)</b>
<b>Net asset value, end of year</b>	<b>8.11</b>	<b>8.19</b>	<b>7.86</b>	<b>7.64</b>	<b>8.81</b>	<b>9.28</b>

Notes:

(a) Information presented is for the period January 1, 2018 to June 30, 2018.

- 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.
- 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.
- Distributions were paid in cash or reinvested in additional units of the Fund.

**RATIOS AND SUPPLEMENTAL DATA**

Class X	2018	2017	2016	2015	2014	2013
Total net asset value (\$) (000's) <sup>(1)</sup>	4,052	4,269	5,234	6,838	11,057	14,510
Number of units outstanding (000's) <sup>(1)</sup>	500	521	666	896	1,254	1,563
Management expense ratio <sup>(2)</sup>	1.95%	2.22%	2.15%	2.07%	2.28%	2.28%
Management expense ratio before waivers or absorptions <sup>(2)</sup>	1.95%	2.22%	2.15%	2.07%	2.28%	2.28%
Trading expense ratio <sup>(3)</sup>	0.01%	0.01%	0.01%	0.00%	0.62%	0.72%
Portfolio turnover rate <sup>(4)</sup>	64.40%	84.94%	46.46%	53.16%	116.10%	72.41%

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, except 2018 which is shown as at June 30.
- 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. 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 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.
- The Fund's portfolio turnover rate indicates how actively the Fund's Portfolio Manager 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 Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. Portfolio turnover rate is calculated by dividing the lesser of the cost of purchases and the proceeds of sales of portfolio securities for the period, excluding cash and short-term investments maturing in less than one year, by the average market value of investments during the period.

**NET ASSETS PER UNIT <sup>(1)</sup>**

Class Y	2018 <sup>(a)</sup> (\$)	2017 (\$)	2016 (\$)	2015 (\$)	2014 (\$)	2013 (\$)
<b>Net asset value, beginning of year</b>	<b>10.09</b>	<b>9.66</b>	<b>9.36</b>	<b>10.78</b>	<b>11.32</b>	<b>10.94</b>
<b>Increase (decrease) from operations:</b>						
Total revenue	0.33	0.72	0.77	0.89	0.06	-
Total expenses	(0.09)	(0.19)	(0.18)	(0.20)	(0.32)	(0.23)
Realized gains (losses) for the period	0.14	0.71	(0.17)	(0.74)	2.28	0.67
Unrealized gains (losses) for the period	(0.16)	(0.12)	0.61	(0.40)	(1.89)	0.52
Total increase (decrease) from operations <sup>(2)</sup>	0.22	1.12	1.03	(0.45)	0.13	0.96
<b>Distributions:</b>						
From investment income	(0.31)	(0.48)	(0.72)	(0.85)	(0.06)	-
Return of capital	-	(0.13)	(0.04)	-	(0.56)	(0.54)
Total distributions <sup>(3)</sup>	(0.31)	(0.61)	(0.76)	(0.85)	(0.62)	(0.54)
<b>Net asset value, end of year</b>	<b>10.01</b>	<b>10.09</b>	<b>9.66</b>	<b>9.36</b>	<b>10.78</b>	<b>11.32</b>

Notes:

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- 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.
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**RATIOS AND SUPPLEMENTAL DATA**

Class Y	2018	2017	2016	2015	2014	2013
Total net asset value (\$) (000's) <sup>(1)</sup>	571	577	599	669	912	1,142
Number of units outstanding (000's) <sup>(1)</sup>	57	57	62	71	85	101
Management expense ratio <sup>(2)</sup>	1.82%	2.08%	2.00%	1.92%	2.06%	2.06%
Management expense ratio before waivers or absorptions <sup>(2)</sup>	1.82%	2.08%	2.00%	1.92%	2.06%	2.06%
Trading expense ratio <sup>(3)</sup>	0.01%	0.01%	0.01%	0.01%	0.62%	0.72%
Portfolio turnover rate <sup>(4)</sup>	64.40%	84.94%	46.46%	53.16%	116.10%	72.41%

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, except 2018 which is shown as at June 30.
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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 classes of units of the Fund.
- The Fund's portfolio turnover rate indicates how actively the Fund's Portfolio Manager 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 Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. Portfolio turnover rate is calculated by dividing the lesser of the cost of purchases and the proceeds of sales of portfolio securities for the period, excluding cash and short-term investments maturing in less than one year, by the average market value of investments during the period.

**NET ASSETS PER UNIT <sup>(1)</sup>**

Class UA	2018 <sup>(a)</sup> (\$)	2017 (\$)	2016 (\$)	2015 (\$)	2014 <sup>(b)</sup> (\$)
<b>Net asset value, beginning of year (USD)</b>	<b>8.41</b>	<b>8.10</b>	<b>7.85</b>	<b>9.04</b>	<b>10.00<sup>(c)</sup></b>
<b>Net asset value, beginning of year</b>	<b>10.57</b>	<b>10.86</b>	<b>10.90</b>	<b>10.47</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.35	0.78	0.85	0.42	0.04
Total expenses	(0.11)	(0.21)	(0.23)	(0.11)	(0.01)
Realized gains (losses) for the period	0.87	0.77	(0.74)	(1.06)	(0.01)
Unrealized gains (losses) for the period	(0.27)	(0.78)	0.64	0.28	(0.04)
Total increase (decrease) from operations <sup>(2)</sup>	0.84	0.56	0.52	(0.47)	(0.02)
<b>Distributions:</b>					
From investment income	(0.36)	(0.73)	(0.77)	(0.92)	(0.06)
Return of capital	-	-	(0.04)	-	-
Total distributions <sup>(3)</sup>	(0.36)	(0.73)	(0.81)	(0.92)	(0.06)
<b>Net asset value, end of year</b>	<b>11.02</b>	<b>10.57</b>	<b>10.86</b>	<b>10.90</b>	<b>10.47</b>
<b>Net asset value, end of year (USD)</b>	<b>8.38</b>	<b>8.41</b>	<b>8.10</b>	<b>7.85</b>	<b>9.04</b>

Notes:

- (a) Information presented is for the period January 1, 2018 to June 30, 2018.
- (b) Information presented is for the period December 15, 2014 to December 31, 2014.
- (c) Initial offering price.
- 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.
- 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.
- Distributions were paid in cash or reinvested in additional units of the Fund.

**RATIOS AND SUPPLEMENTAL DATA**

Class UA	2018	2017	2016	2015	2014
Total net asset value (\$) (000's) <sup>(1)</sup>	4,151	2,136	3,003	5,196	5,771
Number of units outstanding (000's) <sup>(1)</sup>	377	202	277	516	551
Management expense ratio <sup>(2)</sup>	2.03%	2.25%	2.29%	2.13%	2.38%
Management expense ratio before waivers or absorptions <sup>(2)</sup>	2.03%	2.25%	2.29%	2.13%	2.38%
Trading expense ratio <sup>(3)</sup>	0.01%	0.01%	0.01%	0.01%	0.62%
Portfolio turnover rate <sup>(4)</sup>	64.40%	84.94%	46.46%	53.16%	116.10%

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, except 2018 which is shown as at June 30.
- 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. 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 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.
- The Fund's portfolio turnover rate indicates how actively the Fund's Portfolio Manager 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 Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. Portfolio turnover rate is calculated by dividing the lesser of the cost of purchases and the proceeds of sales of portfolio securities for the period, excluding cash and short-term investments maturing in less than one year, by the average market value of investments during the period.

**NET ASSETS PER UNIT <sup>(1)</sup>**

Class UF	2018 <sup>(a)</sup> (\$)	2017 (\$)	2016 (\$)	2015 (\$)	2014 <sup>(b)</sup> (\$)
<b>Net asset value, beginning of year (USD)</b>	<b>8.71</b>	<b>8.31</b>	<b>7.93</b>	<b>9.07</b>	<b>10.00<sup>(c)</sup></b>
<b>Net asset value, beginning of year</b>	<b>10.95</b>	<b>11.14</b>	<b>11.02</b>	<b>10.51</b>	<b>10.57</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.37	0.80	0.85	0.40	0.04
Total expenses	(0.07)	(0.21)	(0.15)	(0.10)	(0.01)
Realized gains (losses) for the period	0.95	0.80	(0.69)	0.10	(0.01)
Unrealized gains (losses) for the period	(0.37)	(0.85)	0.64	0.50	(0.04)
Total increase (decrease) from operations <sup>(2)</sup>	0.88	0.54	0.65	0.90	(0.02)
<b>Distributions:</b>					
From investment income	(0.37)	(0.73)	(0.71)	(0.94)	(0.06)
Return of capital	-	-	(0.04)	-	-
Total distributions <sup>(3)</sup>	(0.37)	(0.73)	(0.75)	(0.94)	(0.06)
<b>Net asset value, end of year</b>	<b>11.46</b>	<b>10.95</b>	<b>11.14</b>	<b>11.02</b>	<b>10.51</b>
<b>Net asset value, end of year (USD)</b>	<b>8.71</b>	<b>8.71</b>	<b>8.31</b>	<b>7.93</b>	<b>9.07</b>

Notes:

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- (c) Initial offering price.
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.
3. Distributions were paid in cash or reinvested in additional units of the Fund.

**RATIOS AND SUPPLEMENTAL DATA**

Class UF	2018	2017	2016	2015	2014
Total net asset value (\$) (000's) <sup>(1)</sup>	1,061	475	467	2,810	2,582
Number of units outstanding (000's) <sup>(1)</sup>	93	43	42	255	246
Management expense ratio <sup>(2)</sup>	1.23%	1.47%	1.51%	1.31%	1.44%
Management expense ratio before waivers or absorptions <sup>(2)</sup>	1.23%	1.47%	1.51%	1.31%	1.44%
Trading expense ratio <sup>(3)</sup>	0.01%	0.01%	0.01%	0.01%	0.62%
Portfolio turnover rate <sup>(4)</sup>	64.40%	84.94%	46.46%	53.16%	116.10%

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, except 2018 which is shown as at June 30.
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. 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.
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 Fund's portfolio turnover rate indicates how actively the Fund's Portfolio Manager 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 Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. Portfolio turnover rate is calculated by dividing the lesser of the cost of purchases and the proceeds of sales of portfolio securities for the period, excluding cash and short-term investments maturing in less than one year, by the average market value of investments during the period.

**NET ASSETS PER UNIT <sup>(1)</sup>**

Class TA6	2018 <sup>(a)</sup> (\$)	2017 (\$)	2016 <sup>(b)</sup> (\$)
<b>Net asset value, beginning of year</b>	<b>11.46</b>	<b>10.77</b>	<b>10.00<sup>(c)</sup></b>
<b>Increase (decrease) from operations:</b>			
Total revenue	0.37	0.82	0.40
Total expenses	(0.12)	(0.22)	(0.10)
Realized gains (losses) for the period	0.17	0.81	0.10
Unrealized gains (losses) for the period	(0.18)	(0.30)	0.50
Total increase (decrease) from operations <sup>(2)</sup>	0.24	1.11	0.90
<b>Distributions:</b>			
From investment income	(0.34)	(0.68)	(0.15)
Return of capital	-	-	(0.01)
Total distributions <sup>(3)</sup>	(0.34)	(0.68)	(0.16)
<b>Net asset value, end of year</b>	<b>11.36</b>	<b>11.46</b>	<b>10.77</b>

Notes:

- (a) Information presented is for the period January 1, 2018 to June 30, 2018.
- (b) Information presented is for the period June 2, 2016 to December 31, 2016.
- (c) Initial offering price.
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.
3. Distributions were paid in cash or reinvested in additional units of the Fund.

**RATIOS AND SUPPLEMENTAL DATA**

Class TA6	2018	2017	2016
Total net asset value (\$) (000's) <sup>(1)</sup>	408	386	-
Number of units outstanding (000's) <sup>(1)</sup>	36	34	-
Management expense ratio <sup>(2)</sup>	2.10%	2.38%	1.93%
Management expense ratio before waivers or absorptions <sup>(2)</sup>	2.10%	2.38%	1.93%
Trading expense ratio <sup>(3)</sup>	0.01%	0.01%	0.01%
Portfolio turnover rate <sup>(4)</sup>	64.40%	84.94%	46.46%

Notes:

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**NET ASSETS PER UNIT <sup>(1)</sup>**

Class TF6	2018 <sup>(a)</sup> (\$)	2017 (\$)	2016 <sup>(b)</sup> (\$)
<b>Net asset value, beginning of year</b>	<b>11.76</b>	<b>10.86</b>	<b>10.00</b> <sup>(c)</sup>
<b>Increase (decrease) from operations:</b>			
Total revenue	0.38	0.83	0.40
Total expenses	(0.07)	(0.22)	-
Realized gains (losses) for the period	0.17	0.83	(0.10)
Unrealized gains (losses) for the period	(0.19)	(0.23)	0.70
Total increase (decrease) from operations <sup>(2)</sup>	0.29	1.21	1.00
<b>Distributions:</b>			
From investment income	(0.35)	(0.70)	(0.18)
Return of capital	-	-	(0.01)
Total distributions <sup>(3)</sup>	(0.35)	(0.70)	(0.19)
<b>Net asset value, end of year</b>	<b>11.70</b>	<b>11.76</b>	<b>10.86</b>

Notes:

(a) Information presented is for the period January 1, 2018 to June 30, 2018.

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(c) Initial offering price.

- 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.
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**RATIOS AND SUPPLEMENTAL DATA**

Class TF6	2018	2017	2016
Total net asset value (\$) (000's) <sup>(1)</sup>	198	203	-
Number of units outstanding (000's) <sup>(1)</sup>	17	17	-
Management expense ratio <sup>(2)</sup>	1.25%	1.54%	1.93%
Management expense ratio before waivers or absorptions <sup>(2)</sup>	1.25%	1.54%	1.93
Trading expense ratio <sup>(3)</sup>	0.01%	0.01%	0.01%
Portfolio turnover rate <sup>(4)</sup>	64.40%	84.94%	46.46%

Notes:

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**MANAGEMENT FEES**

Redwood manages and administers the business, operations and affairs of the Fund. As compensation for the services it provides to the Fund, Redwood is entitled to receive an annual management fee in an amount equal to 1.55% of NAV of the Class A, UA, TA6 units, 0.80% of the ETF Units, Class F, UF, TF6 units, 1.45% of the Class X units, 1.30% of the Class Y units and 0.00% of the Class I Units. The management fees are calculated daily and paid monthly in arrears. Redwood utilizes the management fees to pay investment sub-advisory fees, service fees to registered dealers of Class A, UA, TA6 units, general and administrative expenses and earn revenue.

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**

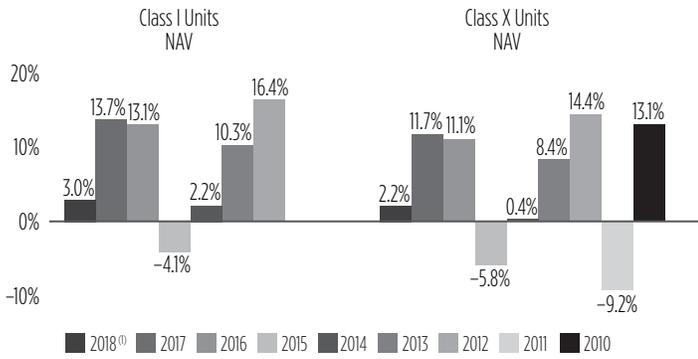
The indicated rates of return are the historical total returns including changes in unit values and assume reinvestment of all distributions in additional units of the relevant class of the Fund. Please note that past performance is not indicative of future performance Year-by-Year Returns.

**YEAR-BY-YEAR RETURNS**

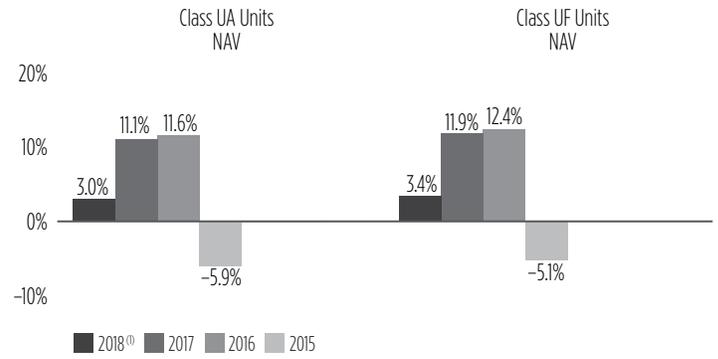
The bar charts show the performance of each class of units for the financial period in percentage terms, indicating how much an investment made on the first day of the period would have grown or decreased by the last day of the period.



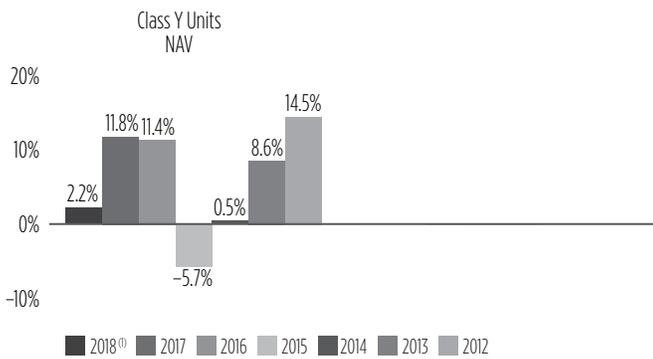
- Return for the period January 1, 2018 to June 30, 2018.



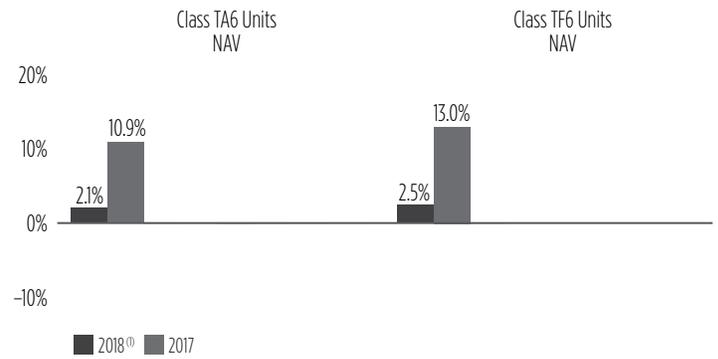
1. Return for the period January 1, 2018 to June 30, 2018.



1. Return for the period January 1, 2018 to June 30, 2018.



1. Return for the period January 1, 2018 to June 30, 2018.



1. Return for the period January 1, 2018 to June 30, 2018.

## SUMMARY OF INVESTMENT PORTFOLIO

As at June 30, 2018

### SECTOR MIX

	% of Fund's Net Asset Value
Financials	32.5
Industrials	15.0
Energy	9.5
Materials	6.3
Consumer Staples	4.6
Real Estate	3.4
Telecommunication Services	3.1
Consumer Discretionary	2.5
Mutual Fund Corp & Trust	2.0
Health Care	0.9
Cash and Cash Equivalents	21.9
Net Other Assets	(1.7)
<b>Total Net Asset Value</b>	<b>100.0</b>

### TOP 25 HOLDINGS

	% of Fund's Net Asset Value
Purpose High Interest Savings ETF	17.2
VistaJet Malta Finance PLC / VistaJet Co Finance LLC	5.0
Largo Resources Limited	3.3
24 Hour Holdings III LLC	3.3
Icahn Enterprises/Fin	3.1
CURO Financial Technologies Corporation	3.1
Enova International Inc.	3.0
Golden Nugget Inc.	2.9
Jefferies Finance LLC / JFIN Co-Issuer Corporation	2.9
Mattamy Group Corporation	2.8
HRG Group Inc.	2.7
Hexion Inc.	2.7
Enova International Inc.	2.4
Slate Retail REIT	2.2
Crescent Communities LLC/Crescent Ventures Inc.	2.2
Purpose US Cash ETF	2.1
Millar Western Forest Products Limited	1.9
Athabasca Oil Corporation	1.9
CIT Group Inc.	1.7
Jefferies Finance LLC / JFIN Co-Issuer Corporation	1.7
Baffinland Iron Corporation LP	1.7
Ally Financial Inc.	1.7
Moss Creek Resources Holdings Inc.	1.6
Vermilion Energy Inc.	1.4
Gateway Casino & Entertainment Limited	1.3

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

# FUND INFORMATION

## MANAGER

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130 Adelaide Street West  
Suite 1700, P.O. Box 83  
Toronto, ON M5H 3P5

## LEGAL COUNSEL

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333 Bay Street  
Toronto, ON M5H 2T6

## AUDITOR

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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

## TORONTO STOCK EXCHANGE LISTING

Ticker Symbol: SYLD

## INDEPENDENT REVIEW COMMITTEE OF PURPOSE STRATEGIC YIELD FUND (FORMERLY REDWOOD STRATEGIC YIELD FUND)

### DOUGLAS G. HALL

Chair of the Independent Review Committee

### RANDALL C. BARNES

Member of the Independent Review Committee

### JEAN M. FRASER

Member of the Independent Review Committee

## OFFICERS AND DIRECTORS OF PURPOSE INVESTMENTS INC.

### SOM SEIF

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

### SCOTT BARTHOLOMEW

Chief Financial Officer, Chief Operating Officer and Director

### CAITLIN GOSSAGE

Chief Compliance Officer

### JEFF MITELMAN

Director