

# 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](http://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

The fund seeks to provide unitholders with a regular stream of monthly distributions and opportunity for capital appreciation by investing primarily in US dollar denominated investment grade preferred securities.

### 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 Aequitas NEO Exchange under the ticker RPU and mutual fund classes.

The net asset value per unit as at:

Class	December 31, 2019 (\$)	December 31, 2018 (\$)
ETF Units	24.79	22.45
Class A	23.65	21.66
Class F	24.96	22.59
ETF Non-Currency Hedged Units (expressed in CAD)	24.12	22.80
ETF Non-Currency Hedged Units (expressed in USD)*	18.58	17.60
Class A Non-Currency Hedged (expressed in CAD)	23.54	22.46
Class A Non-Currency Hedged (expressed in USD)*	18.13	17.33
Class F Non-Currency Hedged (expressed in CAD)	24.13	22.81
Class F Non-Currency Hedged (expressed in USD)*	18.58	17.61

\* The ETF Non-Currency Hedged Units, Class A - Non-Currency Hedged and the Class F - Non-Currency Hedged Units have both a CAD and USD purchase option.

During the year ended December 31, 2019 the Fund paid distributions as follows:

Month	ETF Units (\$)	Class A (\$)	Class F (\$)
January	0.0940	0.0940	0.0940
February	0.0940	0.0940	0.0940
March	0.0940	0.0940	0.0940
April	0.0940	0.0940	0.0940
May	0.0940	0.0940	0.0940
June	0.0940	0.0940	0.0940
July	0.0940	0.0940	0.0940
August	0.0940	0.0940	0.0940
September	0.0940	0.0940	0.0940
October	0.0940	0.0940	0.0940
November	0.0940	0.0940	0.0940
December	0.0940	0.0940	0.0940
Total	1.1280	1.1280	1.1280

Month	ETF Non-Currency Hedged Units (\$)	ETF Non-Currency Hedged Units (USD) (\$)	Class A Non-Currency Hedged (\$)	Class F Non-Currency Hedged (\$)
January	0.0940	0.0940	0.0940	0.0940
February	0.0940	0.0940	0.0940	0.0940
March	0.0940	0.0940	0.0940	0.0940
April	0.0940	0.0940	0.0940	0.0940
May	0.0940	0.0940	0.0940	0.0940
June	0.0940	0.0940	0.0940	0.0940
July	0.0940	0.0940	0.0940	0.0940
August	0.0940	0.0940	0.0940	0.0940
September	0.0940	0.0940	0.0940	0.0940
October	0.0940	0.0940	0.0940	0.0940
November	0.0940	0.0940	0.0940	0.0940
December	0.0940	0.0940	0.0940	0.0940
Total	1.1280	1.1280	1.1280	1.1280

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.

Fixed income produced strong returns, 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. US preferred shares were fairly strong, rebounding significantly from the decline at the end of 2018.

Fund performance was very strong over the reference period, with only a single negative month, which occurred in the early summer when most asset classes declined as a result of global growth concerns. All sectors contributed to the performance with the exception of consumer staples, which was the result of a single holding in Dairy Farmers of America. The largest weighting, towards US financials, provided the strongest contributions. Small allocations to select European preferred shares also added to performance while enhancing diversification.

### RECENT DEVELOPMENTS

Effective April 29, 2019, the Fund's investment sub-advisor changed from Nuveen Asset Management, LLC to Neuberger Berman Investment Advisers LLC. The management fee for Class A units and Class A Non-Currency Hedged units was changed from 1.55% to 1.50%, and the management fee for ETF units, ETF Non-Currency Hedged units, Class F units, and Class F Non-Currency Hedged units was changed from 0.80% to 0.75% effective April 29, 2019.



## 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 UNIT<sup>1</sup>

ETF Units	2019 (\$)	2018 (\$)	2017 <sup>a</sup> (\$)
<b>Net assets, beginning of year</b>	<b>22.45</b>	<b>25.07</b>	<b>25.00<sup>b</sup></b>
<b>Increase (decrease) from operations:</b>			
Total revenue	1.26	1.35	1.01
Total expenses	(0.27)	(0.45)	(0.30)
Realized gains (losses) for the year	0.56	(1.30)	1.25
Unrealized gains (losses) for the year	2.06	(1.49)	(1.06)
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>3.61</b>	<b>(1.89)</b>	<b>0.90</b>
<b>Distributions:</b>			
From investment income	(0.97)	(0.78)	(0.73)
From dividends	-	(0.03)	-
From capital gains	-	-	(0.37)
Return of capital	(0.16)	(0.32)	(0.31)
<b>Total distributions<sup>3</sup></b>	<b>(1.13)</b>	<b>(1.13)</b>	<b>(1.41)</b>
<b>Net assets, end of year</b>	<b>24.79</b>	<b>22.45</b>	<b>25.07</b>

Notes:

a) Information presented is for the period March 15, 2017 to December 31, 2017.

b) 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

ETF Units	2019	2018	2017
Total net asset value (\$) (000s) <sup>1</sup>	44,725	56,205	6,894
Number of units outstanding (000s) <sup>1</sup>	1,804	2,504	275
Management expense ratio <sup>2</sup>	0.77%	1.17%	1.14%
Management expense ratio before waivers or absorptions <sup>2</sup>	0.77%	1.17%	1.83%
Trading expense ratio <sup>3</sup>	0.04%	0.01%	0.00%
Portfolio turnover rate <sup>4</sup>	98.07%	91.38%	25.50%
Closing market price (\$)	24.74	22.42	25.13

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. 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 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 classes of units of the Fund.

NET ASSETS PER UNIT<sup>1</sup>

Class A	2019 (\$)	2018 (\$)	2017 <sup>a</sup> (\$)
<b>Net assets, beginning of year</b>	<b>21.66</b>	<b>24.46</b>	<b>25.00<sup>b</sup></b>
<b>Increase (decrease) from operations:</b>			
Total revenue	1.27	1.27	1.00
Total expenses	(0.51)	(0.61)	(0.48)
Realized gains (losses) for the year	0.34	(1.16)	0.77
Unrealized gains (losses) for the year	2.15	(0.94)	(1.05)
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>3.25</b>	<b>(1.44)</b>	<b>0.24</b>
<b>Distributions:</b>			
From investment income	(0.33)	(0.67)	(0.45)
From dividends	-	(0.01)	-
From capital gains	-	-	(0.59)
Return of capital	(0.80)	(0.45)	(0.25)
<b>Total distributions<sup>3</sup></b>	<b>(1.13)</b>	<b>(1.13)</b>	<b>(1.29)</b>
<b>Net assets, end of year</b>	<b>23.65</b>	<b>21.66</b>	<b>24.46</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 A <sup>5</sup>	2019	2018	2017
Total net asset value (\$) (000s) <sup>1</sup>	400	707	1,796
Number of units outstanding (000s) <sup>1</sup>	17	33	73
Management expense ratio <sup>2</sup>	1.67%	2.01%	2.00%
Management expense ratio before waivers or absorptions <sup>2</sup>	1.67%	2.01%	2.68%
Trading expense ratio <sup>3</sup>	0.04%	0.01%	0.00%
Portfolio turnover rate <sup>4</sup>	98.07%	91.38%	25.50%

## 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 classes of units 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 classes of units of the Fund.
- The Class A and Class F units of the Fund are not traded on a stock exchange.

NET ASSETS PER UNIT<sup>1</sup>

Class F	2019 (\$)	2018 (\$)	2017 <sup>a</sup> (\$)
<b>Net assets, beginning of year</b>	<b>22.59</b>	<b>25.22</b>	<b>25.00<sup>b</sup></b>
<b>Increase (decrease) from operations:</b>			
Total revenue	1.26	1.33	1.03
Total expenses	(0.26)	(0.42)	(0.32)
Realized gains (losses) for the year	0.60	(1.18)	0.92
Unrealized gains (losses) for the year	2.01	(1.17)	(0.86)
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>3.61</b>	<b>(1.44)</b>	<b>0.77</b>
<b>Distributions:</b>			
From investment income	(1.04)	(0.92)	(0.59)
From dividends	-	(0.02)	-
From capital gains	-	-	(0.36)
Return of capital	(0.09)	(0.19)	(0.27)
<b>Total distributions<sup>3</sup></b>	<b>(1.13)</b>	<b>(1.13)</b>	<b>(1.22)</b>
<b>Net assets, end of year</b>	<b>24.96</b>	<b>22.59</b>	<b>25.22</b>

## Notes:

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## RATIOS AND SUPPLEMENTAL DATA

Class F <sup>5</sup>	2019	2018	2017
Total net asset value (\$) (000s) <sup>1</sup>	1,407	1,765	3,187
Number of units outstanding (000s) <sup>1</sup>	56	78	126
Management expense ratio <sup>2</sup>	0.73%	1.15%	1.15%
Management expense ratio before waivers or absorptions <sup>2</sup>	0.73%	1.15%	1.84%
Trading expense ratio <sup>3</sup>	0.04%	0.01%	0.00%
Portfolio turnover rate <sup>4</sup>	98.07%	91.38%	25.50%

## Notes:

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- 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 classes of units of the Fund.
- The Class A and Class F units of the Fund are not traded on a stock exchange.

NET ASSETS PER UNIT <sup>1</sup>

	2019	2018	2017 <sup>a</sup>
	(\$)	(\$)	(\$)
ETF Non-Currency Hedged Units			
<b>Net asset value, beginning of year (USD)</b>	<b>16.70</b>	<b>18.70</b>	<b>18.61</b>
<b>Net assets, beginning of year</b>	<b>22.80</b>	<b>23.50</b>	<b>25.00<sup>b</sup></b>
<b>Increase (decrease) from operations:</b>			
Total revenue	1.27	1.28	0.97
Total expenses	(0.27)	(0.41)	(0.29)
Realized gains (losses) for the year	0.67	(0.15)	(0.15)
Unrealized gains (losses) for the year	0.87	(0.36)	(0.90)
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>2.54</b>	<b>0.36</b>	<b>(0.37)</b>
<b>Distributions:</b>			
From investment income	(1.03)	(0.84)	(0.67)
From dividends	-	(0.02)	-
From capital gains	-	-	(0.27)
Return of capital	(0.10)	(0.27)	-
<b>Total distributions<sup>3</sup></b>	<b>(1.13)</b>	<b>(1.13)</b>	<b>(0.94)</b>
<b>Net assets, end of year</b>	<b>24.12</b>	<b>22.80</b>	<b>23.50</b>
<b>Net assets, end of year (USD)</b>	<b>18.58</b>	<b>16.70</b>	<b>18.70</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.
  - Distributions were paid in cash or reinvested in additional units of the Fund.

## RATIOS AND SUPPLEMENTAL DATA

ETF Non-Currency Hedged Units	2019	2018	2017
Total net asset value (000s) <sup>1</sup>	5,196	5,480	5,876
Number of units outstanding (000s) <sup>1</sup>	215	240	250
Management expense ratio <sup>2</sup>	0.70%	1.17%	1.14%
Management expense ratio before waivers or absorptions <sup>2</sup>	0.70%	1.17%	1.82%
Trading expense ratio <sup>3</sup>	0.04%	0.01%	0.00%
Portfolio turnover rate <sup>4</sup>	98.07%	91.38%	25.50%
Closing market price (\$)	24.45	22.72	23.98
Closing market price (\$) (USD)	18.63	16.64	18.80

## Notes:

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- 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 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 classes of units of the Fund.

NET ASSETS PER UNIT <sup>1</sup>

	2019	2018	2017 <sup>a</sup>
	(\$)	(\$)	(\$)
Class A Non-Currency Hedged			
<b>Net asset value, beginning of year (USD)</b>	<b>17.33</b>	<b>18.57</b>	<b>18.61</b>
<b>Net assets, beginning of year</b>	<b>22.46</b>	<b>23.34</b>	<b>25.00<sup>b</sup></b>
<b>Increase (decrease) from operations:</b>			
Total revenue	1.17	1.26	0.97
Total expenses	(0.40)	(0.59)	(0.46)
Realized gains (losses) for the year	0.69	(0.17)	(0.21)
Unrealized gains (losses) for the year	0.75	(0.24)	(1.29)
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>2.21</b>	<b>0.26</b>	<b>(0.99)</b>
<b>Distributions:</b>			
From investment income	(0.93)	(0.64)	(0.46)
From dividends	-	(0.02)	-
From capital gains	-	-	(0.48)
Return of capital	(0.20)	(0.47)	-
<b>Total distributions<sup>3</sup></b>	<b>(1.13)</b>	<b>(1.13)</b>	<b>(0.94)</b>
<b>Net assets, end of year</b>	<b>23.54</b>	<b>22.46</b>	<b>23.34</b>
<b>Net assets, end of year (USD)</b>	<b>18.13</b>	<b>17.33</b>	<b>18.57</b>

## Notes:

- Information presented is for the period March 15, 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 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 A Non-Currency Hedged <sup>5,6</sup>	2019	2018	2017
Total net asset value (\$) (000s) <sup>1</sup>	1,911	1,818	1,963
Number of units outstanding (000s) <sup>1</sup>	81	81	84
Management expense ratio <sup>2</sup>	1.50%	1.94%	2.00%
Management expense ratio before waivers or absorptions <sup>2</sup>	1.50%	1.94%	2.69%
Trading expense ratio <sup>3</sup>	0.04%	0.01%	0.00%
Portfolio turnover rate <sup>4</sup>	98.07%	91.38%	25.50%

## 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 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 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 classes of units of the Fund.
- The Class A – Non-Hedged and Class F – Non-Hedged units are not traded on a stock exchange.
- The Class A – Non-Hedged and Class F – Non-Hedged have both a CAD and USD purchase option.

NET ASSETS PER UNIT<sup>1</sup>

	2019	2018	2017 <sup>a</sup>
	(\$)	(\$)	(\$)
Class F Non-Currency Hedged			
<b>Net asset value, beginning of year (USD)</b>	<b>17.61</b>	<b>18.70</b>	<b>18.61</b>
<b>Net assets, beginning of year</b>	<b>22.81</b>	<b>23.50</b>	<b>25.00<sup>b</sup></b>
<b>Increase (decrease) from operations:</b>			
Total revenue	1.39	1.27	0.98
Total expenses	(0.35)	(0.40)	(0.30)
Realized gains (losses) for the year	0.57	(0.16)	(0.22)
Unrealized gains (losses) for the year	1.13	(0.34)	(1.09)
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>2.74</b>	<b>0.37</b>	<b>(0.63)</b>
<b>Distributions:</b>			
From investment income	(0.59)	(0.87)	(0.60)
From dividends	-	(0.02)	-
From capital gains	-	-	(0.34)
Return of capital	(0.54)	(0.24)	-
<b>Total distributions<sup>3</sup></b>	<b>(1.13)</b>	<b>(1.13)</b>	<b>(0.94)</b>
<b>Net assets, end of year</b>	<b>24.13</b>	<b>22.81</b>	<b>23.50</b>
<b>Net assets, end of year (USD)</b>	<b>18.58</b>	<b>17.61</b>	<b>18.70</b>

## Notes:

a) Information presented is for the period March 15, 2017 to December 31, 2017.

b) 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 F Non-Currency Hedged <sup>5,6</sup>	2019	2018	2017
Total net asset value (\$) (000s) <sup>1</sup>	2,222	5,217	7,629
Number of units outstanding (000s) <sup>1</sup>	92	229	325
Management expense ratio <sup>2</sup>	0.81%	1.12%	1.16%
Management expense ratio before waivers or absorptions <sup>2</sup>	0.81%	1.12%	1.84%
Trading expense ratio <sup>3</sup>	0.04%	0.01%	0.00%
Portfolio turnover rate <sup>4</sup>	98.07%	91.38%	25.50%

## 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. 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 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 classes of units of the Fund.

5) The Class A – Non-Hedged and Class F – Non-Hedged units are not traded on a stock exchange.

6) The Class A – Non-Hedged and Class F – Non-Hedged have both a CAD and USD purchase option.

## 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 0.75% of NAV of the ETF units, 1.50% of NAV of the Class A units, 0.75% of the NAV of the Class F units, 0.75% of NAV of the ETF Non-Currency Hedged units, 1.50% of the NAV of the Class A Non-Currency Hedged units, and 0.75% of the NAV of the Class F Non-Currency Hedged units. The management fees are calculated daily and paid monthly in arrears. Purpose utilizes the management fees to pay investment sub-advisory fees, service fees to registered dealers of Class A, general and administrative expenses and earn revenue.

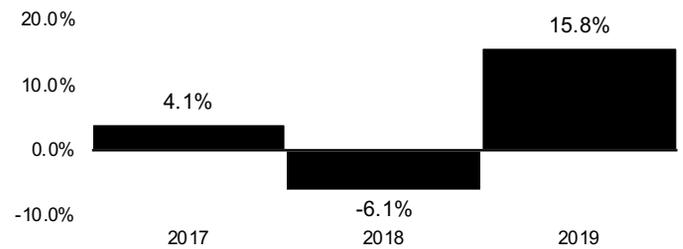
## PAST PERFORMANCE

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

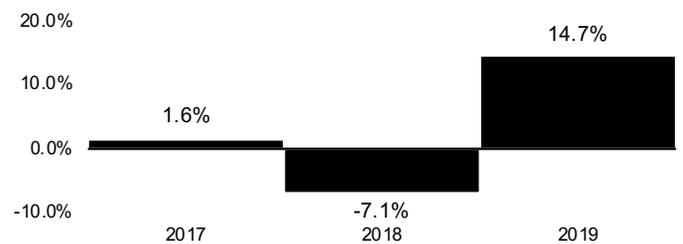
The bar charts show the performance of each Class of units for the financial period in percentage terms, indicating how much an investment made on the first day of the period would have grown or decreased by the last day of the period.

## ETF Unit – NAV



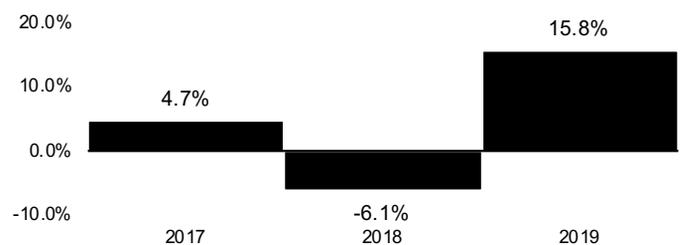
Return labelled 2017 is for the period from March 15, 2017 to December 31, 2017.

## Class A – NAV



Return labelled 2017 is for the period from March 15, 2017 to December 31, 2017.

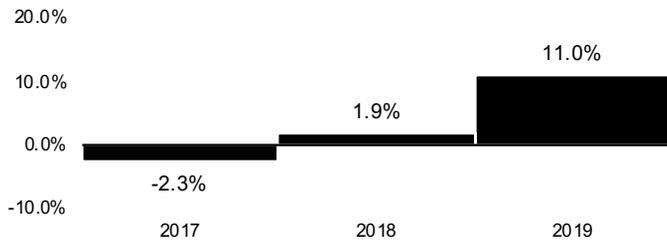
## Class F – NAV



Return labelled 2017 is for the period from March 15, 2017 to December 31, 2017.

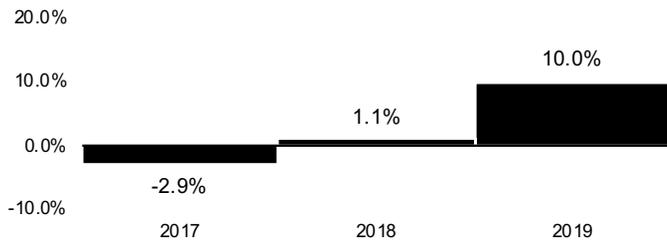


ETF Non-Currency Hedged Unit - NAV



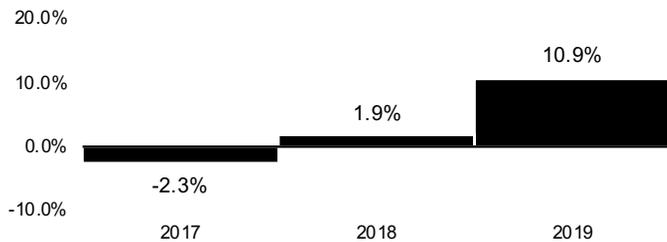
Return labelled 2017 is for the period from March 15, 2017 to December 31, 2017.

Class A - Non-Currency Hedged - NAV



Return labelled 2017 is for the period from March 15, 2017 to December 31, 2017.

Class F - Non-Currency Hedged - NAV



Return labelled 2017 is for the period from March 15, 2017 to December 31, 2017.

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 35% Bloomberg Barclays USD Capital Securities Total Return Index Value and 65% ICE Bank of America Merrill Lynch Fixed Rate Preferred Securities 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	ETF Units NAV (%)	Class A NAV (%)	Class F NAV (%)	Index (%)
1 year	15.76	14.65	15.77	16.85
Since inception <sup>1</sup>	4.76	3.16	4.99	7.21

Period	ETF Units Non-Currency Hedged NAV (%)	Class A Non-Currency Hedged NAV (%)	Class F Non-Currency Hedged NAV (%)	Index (%)
1 year	10.95	10.01	10.90	16.85
Since inception <sup>1</sup>	4.30	3.45	4.31	7.21

1) Return since inception is for the period starting March 15, 2017.



## SUMMARY OF INVESTMENT PORTFOLIO

As at December 31, 2019

## ASSET MIX

	% of Fund's Net Asset Value
<b>Long Positions</b>	
\$1000 par (or similar) Institutional Preferred Share	97.1
Cash and Cash Equivalents	1.9
Net Other Assets	1.0
<b>Total Net Asset Value</b>	<b>100.0</b>

## TOP 25 HOLDINGS

	% of Fund's Net Asset Value
Volkswagen International Finance NV	4.5
SSE PLC	4.4
Bayer AG	4.3
Citizens Financial Group Inc.	4.3
Huntington Bancshares Inc.	4.3
NGG Finance PLC	4.2
American Express Co.	3.7
Citigroup Inc.	3.6
Dominion Energy Inc.	3.5
Truist Financial Corp.	3.5
M&T Bank Corp.	3.3
Prudential Financial Inc.	3.0
Orange SA	2.8
BHP Billiton Finance Ltd.	2.7
Duke Energy Corp.	2.7
Telefonica Europe BV	2.7
Bank of America Corp.	2.5
PNC Financial Services Group Inc. (The)	2.4
Goldman Sachs Group Inc. (The)	2.3
JPMorgan Chase & Co.	2.3
Bank of America Corp.	2.3
Truist Financial Corp.	2.1
Fifth Third Bancorp	2.1
Lloyds Banking Group PLC	2.0
Goldman Sachs Group Inc. (The)	1.8

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.

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## 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