

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. The funds and the securities of the funds offered under this Simplified Prospectus are not registered with the United States Securities and Exchange Commission and they are sold in such jurisdiction only in reliance upon exemptions from registration.*

## **Simplified Prospectus**

**PK Core Fund**

Class A units  
Class F units

**Purpose Global Diversified ETF Fund**

Class F units

**September 26, 2018**

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## INTRODUCTION

In this document, “we”, “us” and “our” refer to Purpose Investments Inc. (“Purpose” or the “manager”). We refer to all of the mutual funds listed on the front cover of this simplified prospectus as the “funds” and each individual mutual fund as a “fund”. Each of the funds is a mutual fund established as a trust under the laws of the Province of Ontario. The authorized capital of each fund includes one or more classes of mutual fund units (defined herein). An unlimited number of mutual fund units are authorized for issuance.

This simplified prospectus contains selected important information about the funds listed on the front cover to help you make an informed investment decision and to help you understand your rights.

This simplified prospectus is divided into two parts. Pages 1 to 29 of this simplified prospectus explain general information that applies to all of the funds as well as general information regarding mutual funds and their risks. Pages 30 to 45 contain specific information about each of the funds described in this simplified prospectus.

You will find more information about a fund in the following documents:

- (a) the annual information form of the fund;
- (b) the most recently filed fund facts of the fund;
- (c) the most recently filed annual financial statements of the fund and any interim financial statements of the fund filed after those annual financial statements;
- (d) if the fund has not yet filed any annual financial statements, the most recently filed interim financial statements of the fund and, if the fund has not yet filed any interim financial statements, the most recently filed audited statement of net assets of the fund;
- (e) the most recently filed annual management report of fund performance of the fund and any interim management report of fund performance of the fund filed after that annual management report of fund performance; and
- (f) if the fund has not yet filed any annual management report of fund performance, the most recently filed interim management report of fund performance of the fund.

These documents are incorporated by reference into this simplified prospectus, which means that they legally form part of this simplified prospectus just as if they were printed as part of this simplified prospectus. You can get a copy of these documents, at your request, and at no cost, by calling us toll-free at 1-877-789-1517, by emailing us at [info@purposeinvest.com](mailto:info@purposeinvest.com) or, with respect to PK Core Fund, by contacting its principal distributor.

You can also get copies of this simplified prospectus, the fund facts, the annual information form, the management reports of fund performance and the financial statements from Purpose’s website at [www.purposeinvest.com](http://www.purposeinvest.com).

These documents and other information about the funds are also available at [www.sedar.com](http://www.sedar.com).

## GLOSSARY

In this simplified prospectus:

“**ADRs**” means American Depositary Receipts. An ADR is a type of negotiable financial security that is traded on a local stock exchange but which represents a security that is issued by a foreign publicly-listed company.

“**annual information form**” means a document filed by the funds with Canadian securities regulators which provides supplementary information about the funds.

“**bond**” means a long-term debt security issued or guaranteed by a government or business entity wherein the issuer promises to pay the holder a specified amount of interest and return the principal amount when the bond matures. Bonds can be transferred from one owner to another.

“**business day**” means a day on which there is a regular trading session of the Toronto Stock Exchange.

“**Class A Units**” means the class A units of a fund, as applicable.

“**Class F Units**” means the class F units of a fund.

“**debt securities**” means obligations to repay borrowed money within a certain time, with or without interest (for example bonds, debentures, commercial paper, asset-backed commercial paper, notes and treasury bills).

“**derivatives**” means a financial instrument that “derives” its value from the performance of an underlying asset, index or other investment.

“**equity**” means, in relation to buying shares of a corporation, the purchase of “equity,” or ownership rights, in such corporation. Shares of a corporation are often referred to as “equities”.

“**ETF**” means an exchange-traded fund.

“**forward contract**” means a commitment made to buy or sell a currency, commodity or security on a specific day in the future at a specified price. The terms of the contract are agreed upon when the commitment is made. Forward contracts are traded through an over-the-counter telephone or computer network.

“**funds**” means, together, PK Core Fund and Purpose Global Diversified ETF Fund and “**fund**” means either one of them.

“**futures contract**” means a contract, similar to that of a forward contract (described above), except that the contract has standardized terms and conditions and is traded only on a futures exchange, not over-the-counter.

“**hedge**” or “**hedging**” means a strategy used to offset or reduce the risk associated with an investment or a group of investments.

“**index participation unit**” or “**IPU**” is a security traded on a stock exchange in Canada or the U.S. that is issued by an issuer the only purpose of which is to: hold the securities that are included in a specified widely quoted market index in substantially the same proportion as those securities are reflected in that index, or invest in a manner that causes the issuer to replicate the performance of that index.

“**IRC**” means the independent review committee of the funds.

“**leverage**” means using borrowed funds to help pay for an investment. Leveraging magnifies the amount you make or lose, because the gain or loss is measured against the portion of the investment you have not borrowed, not against the total investment.

“**liquidity**” means a liquid investment that can be bought and sold on a public market. Liquidity also refers to how easy it is to convert an investment to cash at a reasonable price.

“**management expense ratio**” or “**MER**” means the total fees and expenses a fund paid during a year divided by its average assets for that year.

“**NAV of the class**” and “**NAV per unit**” means, in relation to a class of units of a fund, the net asset value per unit of that class.

“**NI 81-102**” means National Instrument 81-102 – *Investment Funds*.

“**NI 81-107**” means National Instrument 81-107 – *Independent Review Committee for Investment Funds*.

“**note**” means a debt security committing the issuer to pay a specific sum of money, either on demand or on a fixed date in the future, with or without interest.

“**option**” means the owner’s right, but not its obligation, to buy or sell a security within a certain time period, at a specified price. A call option is the right to buy; a put option is the right to sell. The buyer of the option pays the seller a premium. Options can be traded on an exchange or over-the-counter.

“**other securities**” means ADRs or securities of investment funds other than constituent securities of a fund, including ETFs, mutual funds or other public investment funds or derivative instruments.

“**portfolio turnover rate**” means the portfolio turnover rate which is calculated based on the lesser of the value of securities purchased or sold divided by the average market value of portfolio securities for the period, excluding short-term securities.

“**principal distributor**” means Canaccord Genuity Corp. in its capacity as the principal distributor of the Units of PK Core Fund.

“**Registered Plan**” means a registered retirement savings plan (“**RRSP**”), registered education savings plan (“**RESP**”), registered retirement income fund (“**RRIF**”), registered disability savings plan (“**RDSP**”), deferred profit sharing plan (“**DPSP**”), or tax-free savings accounts (“**TFSAs**”).

“**securities**” means investments or financial instruments such as shares, debt securities, units of an underlying fund and derivatives.

“**sub-advisor**” means: (i) Canaccord Genuity Corp. in its capacity as the investment sub-advisor to Purpose in respect of PK Core Fund; and (ii) FNB Capital Asset Management Inc. in its capacity as the investment sub-advisor to Purpose in respect of Purpose Global Diversified ETF Fund;

“**Tax Act**” means the *Income Tax Act* (Canada).

“**trading day**” means, in respect of a fund, a day on which the primary market or exchange for the majority of the securities held by the fund is open for trading.

“**TSX**” means the Toronto Stock Exchange.

“**Units**” means the Class A units and Class F Units of a fund, as applicable.

“**U.S.**” means the United States of America.

“**valuation date**” means each trading day and any other day designated by Purpose on which the NAV per unit of a fund will be calculated.

“**valuation time**” means 4:00 p.m. (Toronto time) or such other time as Purpose may deem appropriate on each valuation date.

## **WHAT IS A MUTUAL FUND AND WHAT ARE THE RISKS OF INVESTING IN A MUTUAL FUND?**

### **What is a mutual fund?**

A mutual fund is a pool of investments made on behalf of people with a similar investment objective. When you invest in a mutual fund, your money is working together with that of many other investors. A professional investment manager invests this money on behalf of the whole group.

Investors share a mutual fund's income, expenses, gains and losses in proportion to their interest in the mutual fund. Mutual funds can give individuals the advantages of a simpler, more accessible, less expensive and less time-consuming method of investing in a portfolio of securities.

Mutual funds own different types of investments, depending on their investment objectives. These investments may include equities like shares, fixed-income securities like bonds and cash or cash equivalents like treasury bills, or units of other mutual funds, called "underlying funds". The value of these investments will change from day to day, reflecting changes in interest rates, economic conditions, financial markets and company news. As a result, the value of a mutual fund's units may go up and down, and the value of your investment in a mutual fund may be more or less when you redeem it than when you purchased it.

### **What do you own?**

When you invest in a mutual fund, you are buying a portion of that mutual fund called a unit. Mutual funds keep track of all the individual investments by recording how many units each investor owns. The more money you put into a mutual fund, the more units you get. The price of a unit changes every day, depending on how the investments are performing. When the investments rise in value, the price of a unit goes up. When the investments drop in value, the price of the unit goes down.

### **What are the general risks of investing in a mutual fund?**

As an investor, there is always a risk you could lose money. Mutual funds are no exception, but the degree of risk varies considerably from one mutual fund to the next. As a general rule, investments with the greatest risk have the greatest potential for gains, but also have the greatest potential for losses. The key is to recognize the risk involved with your investment, understand it, and decide whether it is a risk you are comfortable accepting.

Every investor has a different tolerance for risk. To be comfortable with your investments you should think about your risk comfort level before you invest.

This section and the section "What are the specific risks of investing in a mutual fund?" on page 6, describe the risks associated with investing in mutual funds. As you read the descriptions, keep in mind your risk comfort level and your various investments objectives to help determine which funds are right for you.

The general risks with investing in a mutual fund include:

#### ***Price fluctuation***

The price of a mutual fund's units will generally vary with the value of the securities it holds. Changes in interest rates, economic and stock market conditions or new company information, for example, may influence the value of securities held by a mutual fund. When you redeem units of a mutual fund, their

value may be less than your original investment. Changes in rates and market conditions may also cause the value of a mutual fund's units to change from day to day.

### ***No guarantees***

Your investment in a mutual fund is not guaranteed. Unlike bank accounts or guaranteed investment certificates (GICs), a mutual fund's units are not covered by Canada Deposit Insurance Corporation or any other government deposit insurer.

### ***Suspension of redemptions***

Under exceptional circumstances, a mutual fund may suspend redemptions. See "Purchases, switches and redemptions – When you may not be allowed to redeem your units" on page 20 for more information.

### **How can an investor in a mutual fund manage risk?**

Although the value of your investments may drop in the short term, a longer investment horizon will help to lessen the effects of short-term market volatility. A shorter investment horizon may result in you having to sell your investments in adverse conditions. Ideally, investors in equity mutual funds should have a minimum five-to-nine year investment horizon, which generally provides enough time for the investments to overcome any short-term volatility and grow.

At any given time, however, one mutual fund may outperform another. The key is to have a diversified portfolio of mutual funds to try to ensure that a decline in one mutual fund is offset by growth in another, helping to reduce risk and smooth out returns. Your advisor can help you build a portfolio that's right for you.

### **What are the specific risks of investing in a mutual fund?**

Each fund also has specific risks. The description of each fund, starting on page 36, sets out the specific risks that apply to that fund or to the underlying fund in which it invests. Set forth below, in alphabetical order, is a description of each of those risks.

#### ***Changes in legislation risk***

There can be no assurance that tax, securities or other laws will not be changed in a manner that adversely affects the distributions received by the funds or by unitholders.

#### ***Commodity risk***

A fund may invest indirectly in physical commodities, including precious metals (such as gold, silver, platinum and palladium), energy (such as crude oil, gasoline, heating oil and natural gas), industrial metals (such as aluminum, copper, nickel and zinc), livestock (such as hogs and cattle) and agricultural products (such as coffee, corn, cotton, livestock, soybeans, soybean oil, sugar and wheat). To obtain exposure to these commodities, a fund may invest in ETFs that hold, or obtain exposure to, one or more physical commodities and seek to replicate the performance of a physical commodity. A fund also may invest in companies involved in commodity sectors. A fund's exposure to commodities will be affected by changes in the prices of the commodities, which can fluctuate significantly in short time periods, causing volatility in the fund's net asset value. Commodity prices can change as a result of a number of factors, including supply and demand, speculation, central bank and international monetary activities, political or economic instability, changes in interest rates and currency values, new discoveries or changes in government regulations affecting commodities.

### ***Credit risk***

Credit risk is the possibility that a borrower, or the counterparty to a derivative, is unable or unwilling to repay the loan or obligation, either on time or at all. Debt securities issued by companies or governments in emerging markets often have higher credit risk (a lower credit rating assigned by specialized credit rating agencies), while debt securities issued by well-established companies or by governments of developed countries tend to have lower credit risk (a higher credit rating). A downgrade in an issuer's credit rating can negatively affect a debt security's market value. Other factors can also influence a debt security's market value, such as the level of liquidity of the security and a change in the market perception of the creditworthiness of the security. Lower rated and unrated debt instruments generally offer a better return than higher grade debt instruments but have the potential for substantial loss if the borrower defaults on payment. Investments by a fund in companies or markets with higher credit risk tend to be more volatile in the short term. However, they may offer the potential of higher returns over the long term.

### ***Currency risk***

Currency rates in foreign countries may fluctuate significantly over short periods of time for a number of reasons. As a result, a fund's investments in foreign currency denominated securities may reduce the returns of the fund.

You may purchase Units under the U.S. dollar purchase option. The U.S. dollar purchase option is offered only as a convenience for investors and does not act as a currency hedge between the Canadian dollar and the U.S. dollar.

### ***Cybersecurity risk***

Cybersecurity risk is the risk of harm, loss and liability resulting from a failure or breach of information technology systems. Failures or breaches of the information technology systems ("cybersecurity incidents") can result from deliberate attacks or unintentional events and may arise from external or internal sources. Deliberate cybersecurity attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, equipment or systems, or causing operational disruption. Deliberate cybersecurity attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users).

The primary risks to a fund from the occurrence of a cybersecurity incident include disruption in operations, reputational damage, disclosure of confidential information, the incurrence of regulatory penalties, additional compliance costs associated with corrective measures, and/or financial loss. Cybersecurity incidents of a fund's third-party service providers (e.g., administrators, transfer agents, custodians and sub-advisers) or issuers that the fund invests in can also subject the fund to many of the same risks associated with direct cybersecurity incidents.

The manager has established risk management systems designed to reduce the risks associated with cybersecurity. However, there is no guarantee that such efforts will succeed. Furthermore, a fund cannot control the cyber security plans and systems put in place by its service providers or any other third party whose operations may affect the fund or its unitholders. A fund and its unitholders could be negatively impacted as a result.

### *Derivative risk*

A derivative is a type of investment whose value is derived from the performance of other investments or from the movement of interest rates, exchange rates or market indices. As long as their use is consistent with a fund's investment objectives, the fund may use derivatives to limit or hedge potential gains or losses caused by changes in exchange rates, share prices or interest rates. A fund may also use derivatives for non-hedging purposes, such as reducing transaction costs, increasing liquidity, gaining exposure to financial markets or increasing speed and flexibility in making portfolio changes. If a fund uses derivatives, securities regulations requires that the fund hold enough assets or cash to cover its commitments in the derivatives. This limits the amount of losses that could result from the use of derivatives.

There are many different types of derivatives. They usually take the form of a contract to buy or sell a specific commodity, currency or security or market index. The most common types of derivatives are:

- (a) **Futures or forward contract.** These types of contract are agreements made today to buy or sell a particular currency, security or market index on a specific day in the future at a specified price.
- (b) **Option contract.** This type of contract gives the buyer the right, but not the obligation, to buy or sell certain securities within a certain time period at a specified price.
- (c) **Swap agreement.** This type of agreement is a negotiated contract between parties agreeing to exchange payments based on returns of different investments. The most common type is an interest rate swap. Under an interest rate swap, Party A agrees to pay Party B a fixed amount based on a pre-set interest rate. In return, Party B agrees to pay Party A a floating amount based on a reference rate such as bankers acceptances or the London Inter-Bank Offered Rate.

Any use of derivatives by a fund has risks. Some of these risks are set forth below.

- (a) The hedging strategy may not be effective in preventing losses. The hedging strategy may also reduce the opportunity for gains due to the cost of the hedge and the nature of the derivative.
- (b) There is no guarantee a market for the derivative contract will exist when the fund wants to buy or sell.
- (c) There is no guarantee that the fund will be able to find an acceptable counterparty willing to enter into a derivative contract.
- (d) The counterparty to the derivative contract may not be able to meet its obligations.
- (e) A large percentage of the assets of the fund may be placed on deposit with one or more counterparties which would expose the fund to the credit risk of those counterparties.
- (f) Securities exchanges may set daily trading limits or halt trading which would prevent the fund from being able to sell a particular derivative contract.
- (g) The price of a derivative may not accurately reflect the value of the underlying asset.

### ***Equity investment risk***

Equities such as common shares give the holder part ownership in a company. The value of an equity security changes with the fortunes of the company that issued it. General market conditions and the health of the economy as a whole can also affect equity prices. Equity related securities that provide indirect exposure to the equity securities of an issuer, such as convertible debentures, can also be affected by equity risk.

Dividends on common shares are not fixed but are declared at the discretion of an issuer's board of directors. There is no guarantee that the issuers of the common shares in which a fund invests will declare dividends in the future or that if declared they will remain at current levels or increase over time.

### ***Fluctuations in NAV and NAV per unit risk***

The NAV per unit of a fund will vary according to, among other things, the value of the securities held by the fund. Purpose and a fund have no control over the factors that affect the value of the securities held by the fund, including factors that affect the equity and bond markets generally such as general economic and political conditions, fluctuations in interest rates and factors unique to each constituent security.

### ***Foreign investment risk***

A fund may invest in securities issued by companies in, or governments of, countries other than Canada. Investing in foreign securities can be beneficial in expanding your investment opportunities and portfolio diversification, but there are risks associated with foreign investments, including the risks set forth below.

- (a) Companies outside of Canada may be subject to different regulations, standards, reporting practices and disclosure requirements than those that apply in Canada.
- (b) The legal systems of some foreign countries may not adequately protect investor rights.
- (c) Political, social or economic instability may affect the value of foreign securities.
- (d) Foreign governments may make significant changes to tax policies which could affect the value of foreign securities.
- (e) Foreign governments may impose currency exchange controls that prevent a fund from taking money out of the country.

The foreign investment risk associated with securities in developing countries may be higher than the foreign investment risk associated with securities in developed countries as many developing countries tend to be less stable politically, socially and economically, may be more subject to corruption and may have less market liquidity and lower standards of business practices and regulation.

### ***Futures contract liquidity risk***

Futures contracts may not be liquid and their trading frequently involves high transaction costs. U.S. futures exchanges have regulations that limit the magnitude of fluctuations that may occur in futures contract prices during a single trading day. These limits are generally referred to as "daily price fluctuation limits" and the maximum or minimum price on a contract on any given day as a result of these limits is referred to as a "limit price". Once the limit price is reached on a contract, no trades may be made at a price that is greater or less than the limit price, as the case may be. The imposition of limit prices or trading suspensions may force the sale of a contract at a disadvantageous price or time or

preclude trading in the contract altogether. This could adversely affect the NAV per unit of a fund, as well as a fund's ability to meet subscription, exchange and redemption requests.

### ***Futures contract margin risk***

A fund may invest in commodity futures contracts. Futures prices generally are extremely volatile. Because of the low margin deposits normally required in futures trading, an extremely high degree of leverage is common in a futures trading account. As a result, a relatively small price movement in a futures contract may result in substantial losses. Similar to other leveraged investments, any purchase or sale of a futures contract may result in losses in excess of the amount invested.

There is a risk that the assets of a fund deposited as margin with a futures commission merchant may, in the event of the bankruptcy of the futures commission merchant, be used to satisfy the claims of creditors of the futures commission merchant, other than the fund, including other clients of the futures commission merchant. Under the terms of investor protection legislation in Canada, client assets held by an insolvent futures commission merchant may be divided up, on a *pro rata* basis, among its clients.

### ***Interest rate risk***

The value of a fund's investments in fixed-income securities (or debt) will rise and fall as interest rates change. When interest rates fall, the value of an existing fixed-income security will rise. When interest rates rise, the value of an existing fixed-income security will fall. The value of fixed-income securities that pay a variable (or "floating") rate of interest is generally less sensitive to interest rate changes.

### ***Liquidity risk***

A liquid asset trades on an organized market, such as a stock exchange, which provides price quotations for the asset. The use of an organized market means that it should be possible to convert the asset to cash at, or close to, the quoted price or the price used to calculate a fund's net asset value.

An asset is considered illiquid if it is more difficult to convert it to a liquid investment such as cash. A company's securities may be illiquid if the company is not well known, there are few outstanding shares of that company, there are few potential buyers or the shares of that company cannot be resold because of a promise or agreement.

Also, in highly volatile markets, securities, especially debt securities, that were considered liquid may suddenly and unexpectedly become illiquid.

The value of a fund's investments in illiquid securities may rise and fall substantially because the fund may not be able to sell the securities for the value that we use in calculating the net asset value of the fund. There are restrictions on the amount of illiquid securities a fund may hold.

### ***Multi-class risk***

A fund may offer more than one class of units. Each class of a fund has its own fees and expenses which the fund tracks separately. If a fund cannot pay the expenses of one class using that class's proportionate share of the assets of the fund, the fund will have to pay those expenses out of the other classes' proportionate share of the assets, which would lower the investment return of those other classes. This is because a fund as a whole is legally responsible for the financial obligations of all of its classes.

### ***Reliance on the manager and sub-advisor risk***

Holders of Units will be dependent on the ability of the manager and the sub-advisor, as applicable, to effectively manage a fund in a manner consistent with its investment objectives and investment strategies. There is no certainty that the individuals who are principally responsible for providing administration and portfolio management services to the funds will continue to be employed by the manager or the sub-advisor, as the case may be.

### ***Risk of loss***

An investment in the funds is not guaranteed by any entity. Unlike bank accounts or guaranteed investment certificates, an investment in the funds is not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.

### ***Securities lending risk***

A fund may enter into securities lending transactions in order to earn additional income. There are risks associated with these kinds of transactions. Over time, the value of the securities loaned under a securities lending transaction might exceed the value of the cash or collateral held by a fund. If the third party defaults on its obligation to repay the securities to a fund, the cash or collateral may be insufficient to enable the fund to purchase replacement securities and the fund may suffer a loss for the difference. To minimize this risk, the other party must provide collateral that is worth at least 102% of the value of the fund's securities loaned and of the type permitted by NI 81-102. The value of the collateral is monitored daily and adjusted appropriately by the securities lending agent of the fund.

### ***Short selling risk***

A fund may engage in a limited amount of short selling. A "short sale" is where a fund borrows securities from a lender, which are then sold in the open market (or "sold short"). At a later date, the same number of securities are repurchased by the fund and returned to the lender. In the interim, the proceeds from the first sale are deposited with the lender and the fund pays interest to the lender. If the value of the securities declines between the time that the fund borrows securities and the time it repurchases and returns the securities, the fund makes a profit for the difference (less any interest the fund is required to pay to the lender). Short selling involves certain risks. There is no assurance that securities will decline in value during the period of the short sale sufficient to offset the interest paid by the fund and make a profit for the fund, and securities sold short may instead appreciate in value. The fund may also experience difficulties repurchasing and returning the borrowed securities if a liquid market for the securities does not exist. The lender from whom the fund has borrowed securities may go bankrupt and the fund may lose the collateral it has deposited with the lender. Each fund that engages in short selling will adhere to controls and limits that are intended to offset these risks by short selling only those securities of larger issuers for which a liquid market is expected to be maintained and by limiting the amount of exposure for short sales. The funds will also deposit collateral only with lenders that meet certain criteria for creditworthiness and only up to certain limits.

### ***Tax risk***

There can be no assurance that the tax laws applicable to a fund under the Tax Act or under foreign tax regimes, or the administration thereof, will not be changed in a manner which could adversely affect the fund or unitholders.

If a fund does not or ceases to qualify as a “mutual fund trust” under the Tax Act, the income tax considerations described under the heading “Income tax considerations for investors” would be materially and adversely different in certain respects.

The Tax Act contains tax loss restriction rules that apply to trusts such as the funds. These loss restriction rules generally apply at any time when any person, together with other persons with whom that person is affiliated within the meaning of the Tax Act, or any group of persons acting in concert, acquires Units of a fund having a fair market value that is greater than 50% of the fair market value of all the Units of the fund. If such circumstances occur, the fund will have a deemed taxation year end and any undistributed income and realized capital gains (net of any applicable losses) would be expected to be made payable to all unitholders of the fund as a distribution on their Units (or tax thereon paid by the fund in respect of such year). Accordingly, in such event, distributions on the Units in the form of Units (which will be automatically consolidated) and/or cash may be declared and paid to unitholders. In addition, accrued capital losses and certain other realized losses of the fund would be unavailable for use by the fund in future years. Given the manner in which Units are distributed, there will be or may have been circumstances in which it will not be possible to control or identify whether the fund has become subject to the loss restriction event rules. As a result, there can be no assurance that the fund has not or will not in the future be subject to the loss restriction event rules and no assurance as to when and to whom any such distributions will be made, or that the fund will not be required to pay tax on such undistributed income and taxable capital gains. Relief from the application of the loss restriction event rules may be available to a trust that qualified as a “mutual fund trust” for the purposes of the Tax Act and meets certain asset diversification requirements.

Certain tax rules apply to direct and indirect investments by Canadian residents in non-resident trusts (the “NRT Rules”). It is not expected that the NRT Rules will be applied in respect of investments, if any, made by a fund in non-resident funds that are trusts; however no assurances can be given in this regard.

## ORGANIZATION AND MANAGEMENT OF THE FUNDS

This section tells you about the companies that are involved in managing or providing services to the funds.

**Manager:** Purpose is the manager, portfolio manager and promoter of the funds. Purpose manages the day-to-day business and operations of the funds, provides all general management and administrative services.  
Purpose Investments Inc.  
130 Adelaide Street West  
Suite 1700  
P.O. Box 83  
Toronto, Ontario  
M5H 3P5

**Trustee:** The trustee holds actual title to the property in each fund on behalf of the securityholders of the funds.  
Purpose Investments Inc.  
Toronto, Ontario

**Portfolio Advisor:** The portfolio advisor is responsible for the investment portfolio of the funds. The portfolio advisor conducts research, selects, purchases, sells, and makes all investment decisions with regard to the portfolio securities of the funds. The portfolio advisor is responsible for any loss that arises out of any failure of the portfolio advisor: (i) to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the fund; or (ii) to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances.  
Purpose Investments Inc.  
Toronto, Ontario

**Sub-Advisors:** Each sub-advisor has been hired by Purpose to provide investment advice to Purpose in respect of the funds. Canaccord Genuity Corp. provides investment advice to Purpose in respect of PK Core Fund. FNB Capital Asset Management Inc. provides investment advice to Purpose in respect of Purpose Global Diversified ETF Fund.  
Canaccord Genuity Corp.  
Toronto, Ontario  
FNB Capital Asset  
Management Inc.  
Montréal, Québec

**Principal Distributor:** Canaccord Genuity Corp. is the principal distributor for PK Core Fund. The principal distributor arranges for distribution of Units of PK Core Fund.  
Canaccord Genuity Corp.  
Toronto, Ontario

**Custodian:** The custodian holds the assets of the funds.  
CIBC Mellon Trust Company  
Toronto, Ontario

**Registrar and Transfer Agent of the mutual fund units:**  
CIBC Mellon Global Securities Services Company  
Toronto, Ontario

CIBC Mellon Global Securities Services Company, at its principal office in Toronto, Ontario, is the registrar and transfer agent for the Units. The register of the funds for their Units is kept in Toronto.

**Auditor:**  
Ernst & Young LLP  
Toronto, Ontario

As auditors, Ernst & Young LLP, Chartered Professional Accountants, Licensed Public Accountants, annually audit the financial statements of the funds to determine whether they fairly present, in all material respects, the funds' financial position, results of operations and changes in net assets in accordance with applicable generally accepted accounting principles. Ernst & Young LLP is independent of the funds in accordance with the rules of professional conduct of the Chartered Professional Accountants of Ontario.

**Securities Lending Agent:**  
CIBC Mellon Trust Company  
Toronto, Ontario

The securities lending agent acts on behalf of the funds in administering the securities lending transactions, repurchase transactions and reverse repurchase transactions entered into by the funds.

**Independent Review Committee:**

Under Canadian securities laws, the funds are required to have an independent review committee. Purpose is advised by an independent review committee ("IRC") consisting of 3 individuals, each of whom is independent of Purpose, the funds and entities related to Purpose. In fulfilling its duties, the IRC reviews and provides input on conflict of interest matters in respect of Purpose and the funds. The IRC also provides advice to Purpose on other issues relating to the management of the funds.

The IRC prepares, at least annually, a report for securityholders of its activities. This report will be available, at no cost, on the Purpose website at [www.purposeinvest.com](http://www.purposeinvest.com) or upon request, at no cost, by contacting Purpose by email at [info@purposeinvest.com](mailto:info@purposeinvest.com).

Additional information about the independent review committee, including the names of its members, is available in the funds' annual information form.

### **Investments in underlying funds**

The funds may invest in underlying funds, subject to certain conditions. Purpose, as manager, will either not vote the securities of the underlying funds if the underlying funds are managed by Purpose or an affiliate or will pass the voting rights directly to securityholders of such funds. Purpose may, in some circumstances, choose not to pass the vote to securityholders because of the complexity and costs associated with doing so.

### **PURCHASES, SWITCHES AND REDEMPTIONS**

You can buy or sell Units of the funds through a qualified financial advisor or broker. In the case of PK Core Fund, Units are sold through its principal distributor. Selling may also be known as "redeeming". When you are buying or selling Units of a fund directly with the fund, we base the transaction on the

price of the Unit. The price per Unit is called the net asset value or “NAV” per unit. See “Purchases, switches and redemptions – How the securities of the funds are valued” on page 15.

### **How the securities of the funds are valued**

A fund’s units may be divided into several classes. Each class is divided into units of equal value. When you invest in the fund, you are actually purchasing units of a specific class of the fund.

All transactions are based on the class net asset value per unit (“unit value”). We usually calculate the unit value for each class of a fund on each business day, but in some circumstances, we may calculate it at another time. The NAV per Unit can change daily.

The unit value is the price used for all purchases and redemptions of Units (including purchases made on the reinvestment of distributions). The price at which Units are issued or redeemed is based on the next applicable unit value determined after the receipt of the purchase or redemption order.

The NAV per Unit of each class of a fund is calculated as follows:

- (a) First, we determine the fair value of all of the investments and other assets allocated to the class.
- (b) Second, we subtract the liabilities allocated to that class from the fair value of such class. The difference between the fair value and the liabilities expressed in Canadian dollars at the applicable exchange rate on such date of a class is the net asset value for that class.
- (c) Lastly, we divide the net asset value for the class by the total number of units of that class that investors in the fund are holding, which gives us the NAV per unit for that class.
- (d) In respect of Units denominated in U.S. dollars, we calculate the NAV in Canadian dollars and convert it to U.S. dollars using that day’s exchange rate. Please see “Optional Services – U.S. dollar purchase option” on page 22 for more details.

You can determine the worth of your investment in a fund by multiplying the NAV per unit by the number of units you own.

Although the purchases and redemptions of Units are recorded on a class basis, the assets attributable to all of the classes of a fund are pooled to create one fund for investment purposes. Each class pays its proportionate share of fund costs in addition to its management fee. The difference in fund costs and management fees between each class means that each class has a different NAV per Unit.

You may obtain the NAV per unit of the respective class of a fund by visiting by visiting Purpose’s website at [www.purposeinvest.com](http://www.purposeinvest.com) or by calling 1-877-789-1517.

### **How to buy and redeem**

#### ***General***

No Units of a fund will be issued unless subscriptions aggregating not less than \$500,000 have been received and accepted by the fund from investors other than the manager, portfolio advisor, promoter or sponsor of the fund or any of their respective partners, directors, officers or securityholders.

## ***Issuance of Units***

### **Class A Units**

Class A Units are available to all investors through authorized dealers. Class A Units purchased in Canadian dollars are Canadian dollar denominated and Class A Units purchased in U.S. dollars are U.S. dollar denominated.

### **Class F Units**

Class F Units are available to investors who have fee based accounts with their financial advisor or dealer. Instead of paying sales charges, investors buying Class F Units pay fees to their financial advisor or broker for investment advice and other services. The manager does not pay any commissions to a dealer or principal distributor in respect of the Class F Units which allows the manager to charge a lower management fee. Class F Units purchased in Canadian dollars are Canadian dollar denominated and Class F Units purchased in U.S. dollars are U.S. dollar denominated.

If a unitholder ceases to be eligible to hold Class F Units, the manager may switch a unitholder's Class F Units into Class A Units of the same fund after providing the unitholder with 5 days' notice, unless the unitholder notifies the manager during the notice period and the manager agrees that such unitholder is once again eligible to hold Class F Units. Unitholders may be charged a sales commission in connection with the switch by their dealer.

## ***Initial investment***

An investment in Units of a fund requires you to make an initial investment and maintain a minimum balance of at least \$5,000 in the fund. Each additional investment, pre-authorized purchase and redemption of Units must be for an amount not less than \$100. See "Optional services" on page 21.

If your balance falls below the minimum required balance for a fund, or you otherwise become ineligible to hold Units, we may redeem your Units of the fund. Where a unitholder is or becomes a citizen or resident of the U.S. or a resident of any other foreign country, we may require such unitholder to redeem their Units if their participation has the potential to cause adverse regulatory or tax consequences for a fund or other unitholders of the fund. We may redeem your Units of a fund if we are permitted or required to do so, including in connection with the termination of the fund, in accordance with applicable law. If we redeem your Units, the effect will be the same as if you initiated the transaction. For redemptions in non-registered accounts, we may transfer the proceeds to you, and for redemptions in Registered Plans, we may transfer the proceeds to a registered savings deposit within the plan. We will not give you or your dealer notice prior to taking any action.

For us to act on an order to buy or redeem Units of a fund, the branch, telephone salesperson or applicable principal distributor must send the order to us on the same day it is received before 4:00 p.m. (Toronto time) or such other time as indicated on the website for the fund ("order cut-off time") and assume all associated costs.

When you place your order through a financial advisor, the financial advisor sends it to us. If we receive your order before the order cut-off time your order will be processed using that day's NAV per unit. If we receive your order after the order cut-off time, your order will be processed using the next business day's NAV per unit. If the manager determines that the NAV per unit will be calculated at a time other than after the usual valuation time, the NAV per unit paid or received will be determined relative to that time. All orders are processed within two business days. You will find more information about buying and

redeeming Units in the annual information form of the funds. A dealer may establish earlier cut-off times. Check with your financial advisor for details.

You have to pay for your Units when you buy them. In our discretion, Units of a fund may be paid for by delivering securities to the fund rather than cash provided (i) the fund is permitted to purchase those securities, (ii) the securities are acceptable to us and consistent with the fund's investment objectives, and (iii) the value of the securities is at least equal to the issue price of the Units, valued as if the securities were portfolio assets of the fund.

If we do not receive payment in full, we will cancel your order and redeem the Units. If we redeem the Units for more than the value for which they were issued, the difference will go to the fund. If we redeem the Units for less than the value for which they were issued, we will pay the difference to the fund and collect this amount, plus the cost of doing so, from your dealer. A dealer may require you to reimburse the amount paid if it suffers a loss as a result.

**We have the right to refuse any order to buy Units. We must do so within one business day from the time we receive the order. If we refuse your order to buy, we will immediately return any monies we received with your order.**

### **Short-term trading**

Most mutual funds are considered long-term investments, so we discourage investors from buying or redeeming Units frequently.

Some investors may seek to trade Units frequently in an effort to benefit from differences between the value of the Units and the value of the underlying securities ("market timing"). Frequent trading in order to time the market or otherwise can negatively impact the value of a fund to the detriment of other unitholders of the fund. Excessive short-term trading can also reduce a fund's return because the fund may be forced to hold additional cash to pay redemption proceeds or, alternatively, to sell portfolio holdings, thereby incurring additional trading costs.

Depending on the particular circumstances, Purpose will employ a combination of preventative and detective measures to discourage and identify excessive short-term trading in the funds, including:

- (a) imposition of short-term trading fees; and
- (b) monitoring of trading activity and refusal of trades.

If you redeem Units of a fund within 30 days of purchase, we may charge a short-term trading fee on behalf of the fund in circumstances where we determine that the trading activity represents market timing or excessive short-term trading. See "Fees and Expenses – Fees and expenses payable directly by you" on page 24. No short-term trading fees are charged on redemptions of a fund made under a systematic withdrawal plan or redemptions that may occur when an investor fails to meet the minimum investment amount for the fund. See "Purchases, switches and redemptions" on page 14.

Fees charged will be paid directly to the applicable fund, and are designed to deter excessive trading and offset its associated costs. For the purposes of determining whether the fee applies, we will consider the Units that were held the longest to be the Units which are redeemed first. The fee will not apply in certain circumstances, including:

- (a) pre-authorized or systematic withdrawal plans;

- (b) redemptions of Units purchased by the reinvestment of distributions; or
- (c) redemptions initiated by Purpose or the fund where redemption notice requirements have been established by Purpose.

We regularly monitor transactions in the funds. We have established criteria for the funds that we apply fairly and consistently in an effort to eliminate trading activity that we deem potentially detrimental to long-term unitholders. We have the right to restrict or reject any purchase order without any prior notice, including transactions accepted by your financial advisor.

Generally speaking, your trading may be considered excessive if you sell your Units within 30 days of buying them on more than one occasion.

We have the right to consider trading activity in multiple accounts under common ownership, control or influence as trading in a single account when exercising our right to reject a purchase. **Whether your trading is considered excessive will be determined by Purpose in its sole discretion.**

### **Purchases**

Each fund may have an unlimited number of classes of units and may issue an unlimited number of units of each class.

Each class of units is intended for different types of investors. The money that you and other investors pay to purchase units of any class is tracked on a class-by-class basis in your fund's administration records. However, the assets of all classes of any fund are combined in a single pool to create one portfolio for investment purposes.

When you buy Class A Units, you may pay a fee. You and your dealer negotiate that fee, which may be up to 5% of the cost of the Class A Units and you pay it to your dealer when you buy the units. Purpose is not involved in determining, collecting or paying any fees negotiated directly with your advisor.

When you buy Units, the price you pay is the NAV per unit. We may limit or "cap" the size of a fund by restricting new purchases. We will continue redemptions and the calculation of the fund's NAV. We may subsequently decide to start accepting new purchases of the fund at any time.

### **Switches**

You can switch your investment in Units from one fund into another fund. A switch is a redemption of Units of the fund that you own and a purchase of Units of the new fund and is a disposition for tax purposes. Units of one class cannot be switched for Units of another class within the same fund unless you meet the criteria for the new class.

If you switch your Units of one class for Units of a different class of the same fund, or if you switch the type of account in which you hold your Units (for example, switching from an investment account to an RRSP), your dealer or financial advisor may charge you a fee of up to 2% of the amount you switch. You and your advisor negotiate the fee. If you switch between funds, your dealer or financial advisor may also charge you a fee of up to 2% of the amount you switch. In general, your dealer may receive a switch fee or a sales commission for your switch, but not both.

Switching Units of a fund for Units of another fund (or vice versa) is accomplished by redeeming Units of one fund and purchasing Units of the other fund and is considered to result in a disposition for tax purposes. Switching between classes of Units of the same fund is generally not considered to result in a disposition for tax purposes, except to the extent that Units are redeemed to pay for a switching fee. See “Income Tax Considerations for Investors” for more information.

As noted above, if a unitholder ceases to be eligible to hold Class F Units, the manager may switch a unitholder’s Class F Units into Class A Units of the same fund after providing the unitholder with 5 days’ notice, unless the unitholder notifies the manager during the notice period and the manager agrees that such unitholder is once again eligible to hold Class F Units. Unitholders may be charged a sales commission in connection with the switch by their dealer.

## **Redemptions**

You can sell some or all of your Units at any time. This is called a redemption. Redemptions will only be permitted in certain minimum amounts. Your dealer must send your redemption request on the same day it is received. The dealer must assume all associated costs. Redemption requests for a fund are processed in the order in which they are received. We will not process redemption requests specifying a forward date or specific price.

Redemption orders which are received by Purpose before 4:00 p.m. (Toronto time) or such other order cut-off time as specified by Purpose on any valuation date will be priced using that day’s NAV per unit. Redemption orders which are received by Purpose after 4:00 p.m. (Toronto time) or such other cut-off time as specified by Purpose on a valuation date will be priced on the next valuation date. If Purpose decides to calculate the NAV per unit at a time other than after the usual valuation time, the NAV per unit received will be determined relative to that time. Note that a dealer may establish an earlier cut-off time.

Redemption requests for Units must be for an amount of at least \$100 (unless the account balance is less than \$100).

Within two business days following each valuation date, we will pay to each unitholder who has requested a redemption the value of the Units determined on the valuation date. Payments will be considered made upon deposit of the redemption proceeds in the unitholder’s bank account or the mailing of a cheque in a postage prepaid envelope addressed to the unitholder unless the cheque is not honoured for payment.

Your redemption transaction will not be processed until the applicable dealer has received all documentation. Your financial advisor will inform you of the documentation it requires. Your dealer must provide all required documents within 10 business days of the date your redemption order is processed. If not, we will repurchase the Units for your account. If the cost of repurchasing the Units of a fund is less than the redemption proceeds, the fund will keep the difference. If the cost of repurchasing the Units is more than the redemption proceeds, the dealer must pay the difference and any related costs. The dealer may require you to reimburse the amount paid if it suffers a loss.

If you redeem Units, you can tell us to mail you a cheque or transfer the proceeds to your bank account with any financial institution. **For non-registered accounts, you are responsible for tracking and reporting to the Canada Revenue Agency any capital gains or losses that you realize from redeeming Units.** If you hold your Units in a Registered Plan, withholding tax may apply if you withdraw money from the plan.

### ***When you may not be allowed to redeem your units***

Under extraordinary circumstances, you may not be allowed to redeem your Units of a fund. We may suspend your right to redeem if:

- (a) normal trading is suspended on any stock exchange or market where more than 50% of the assets of the fund are listed or traded; or
- (b) we get permission from the Canadian Securities Administrators to allow us to temporarily suspend the redemption of Units.

### **Non-resident securityholders**

At no time may: (i) non-residents of Canada; (ii) partnerships that are not Canadian partnerships; or (iii) a combination of non-residents of Canada and such partnerships (all as defined in the Tax Act), be the beneficial owners of a majority of the units of a fund. The manager may require declarations as to the jurisdictions in which a beneficial owner of units is resident and, if a partnership, its status as a Canadian partnership. If the manager becomes aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 40% of the units of a fund then outstanding are, or may be, non-residents and/or partnerships that are not Canadian partnerships, or that such a situation is imminent, the manager may make a public announcement thereof. If the manager determines that more than 40% of such units are beneficially held by non-residents and/or partnerships that are not Canadian partnerships, the manager may send a notice to such non-resident unitholders and partnerships, chosen in inverse order to the order of acquisition or in such manner as the manager may consider equitable and practicable, requiring them to sell their units or a portion thereof within a specified period of not less than 30 days. If the unitholders receiving such notice have not sold the specified number of units or provided the manager with satisfactory evidence that they are not non-residents or partnerships other than Canadian partnerships within such period, the manager may on behalf of such unitholders sell such units and, in the interim, shall suspend the voting and distribution rights attached to such units. Upon such sale, the affected holders shall cease to be beneficial holders of units and their rights shall be limited to receiving the net proceeds of sale of such units.

Notwithstanding the foregoing, the manager may determine not to take any of the actions described above if the manager has been advised by legal counsel that the failure to take any of such actions would not adversely impact the status of the applicable fund as a mutual fund trust for purposes of the Tax Act or, alternatively, may take such other action or actions as may be necessary to maintain the status of the applicable fund as a mutual fund trust for purposes of the Tax Act.

### **International information reporting**

Each fund is a “Reporting Canadian financial institution” for purposes of intergovernmental agreement between the governments of Canada and the United States (the IGA) and Part XVIII of the Tax Act, and intends to satisfy its obligations under Canadian law for enhanced tax reporting to the Canada Revenue Agency (“CRA”). As a result of such status, certain unitholders may be requested to provide information to a fund or their registered dealer relating to their citizenship, residency and, if applicable, a U.S. federal tax identification number (“TIN”) or such information relating to the controlling person(s) in the case of certain entities. If a unitholder or any of the controlling person(s) of certain entities is identified as a U.S. taxpayer (including a U.S. citizen who is a resident in Canada) or if the unitholder does not provide the requested information, the IGA and Part XVIII of the Tax Act will generally require information about the unitholder’s investment in a fund to be reported to the CRA, unless the investment is held in a Registered Plan. The CRA will then exchange the information with the U.S. Internal Revenue Service pursuant to the provisions of the Canada-U.S. Income Tax Treaty.

The Tax Act also includes provisions that require procedures to be in place to identify accounts held by residents of foreign countries (other than the U.S.) or by certain entities the “controlling persons” of which are resident in a foreign country (other than the U.S.) and to report required information to the CRA. Such information would be exchanged on a reciprocal, bilateral basis with the countries that have agreed to a bilateral information exchange with Canada in which the account holders or such controlling persons are resident. Unitholders are required to provide certain information regarding their investment in a fund for the purposes of such information exchange, unless the investment is held within a Registered Plan.

## **OPTIONAL SERVICES**

This section tells you about the optional services we offer to investors.

### **Distribution reinvestment plan**

A fund may earn income from its investments. It also may realize capital gains when investments are sold at a profit. A fund pays out its income (less expenses) and net realized capital gains to investors in the form of distributions and may also pay amounts as returns of capital to investors. We call all of these types of payments distributions.

Distributions payable on Units are automatically reinvested in additional Units of the same class. Holders who wish to receive cash as of a particular distribution record date should speak with their financial advisor for details.

### **Pre-authorized cash contribution**

If you want to invest in Units on a regular basis, you can use our pre-authorized purchase plan so that money is automatically withdrawn from your bank account at regular intervals and invested in Units. This plan allows you to take advantage of dollar-cost averaging.

Here is how the plan works:

- (a) See “Purchases, switches and redemptions – How to buy, redeem and switch” for the minimum initial investment and the minimum additional investments required.
- (b) You must have at least \$5,000 in your account to set up a pre-authorized cash contribution.
- (c) You can invest weekly, bi-weekly, semi-monthly, monthly, quarterly, semi-annually or annually, depending on the kind of account you have. For more information, please ask your financial advisor.
- (d) We will automatically transfer money from your bank account with any financial institution to purchase Units.
- (e) We will cancel your participation in the plan if your payment is returned because there are not sufficient funds in your bank account.

You may choose this option when you first buy Units or at any time afterwards. You must set up your pre-authorized purchase plan through your financial advisor. We must receive at least five business days’ notice to set up a pre-authorized purchase plan.

We do not charge a fee for setting up your pre-authorized purchase plan. However, your initial investment must meet the required minimum initial investment and the minimum additional investments.

You may change your pre-authorized purchase plan instructions or cancel such plan at any time as long as we receive at least two business days' notice. If you redeem all of the Units in your account, we will terminate your pre-authorized purchase plan unless you tell us otherwise.

Pre-authorized cash contributions are also available under the U.S. dollar purchase option.

### **Systematic withdrawal plan**

If you would like to make regular withdrawals from your non-registered investment in a fund, you can open a systematic withdrawal plan. Here is how the plan works:

- (a) You must have at least \$15,000 in your non-registered account to set up a systematic withdrawal plan.
- (b) You can choose to withdraw a minimum of \$100 weekly, bi-weekly, semi-monthly, monthly, quarterly, semi-annually or annually, depending on the kind of account you have. For more information, please ask your financial advisor.
- (c) We will deposit the money directly to your bank account.
- (d) If you decide to discontinue your systematic withdrawal plan and your investment is below the minimum balance, we may ask you to increase your investment to the minimum amount or to redeem your remaining investment in the fund.

We must receive at least five business days' notice to set up a systematic withdrawal plan. We do not charge a fee for such plan. However, we may set a minimum withdrawal amount.

You may change your systematic withdrawal plan instructions or cancel such plan at any time as long as we receive at least two business days' notice. Most changes must be made through your financial advisor.

It is important to remember that if you withdraw more than your investment is earning, you will reduce and eventually use up your original investment. Remember, a systematic withdrawal plan is like a redemption. You are responsible for tracking and reporting to the Canada Revenue Agency any capital gains or losses you realize on Units disposed of.

### **U.S. dollar purchase option**

You may purchase Units in U.S. dollars.

### **Registered Plans**

Units may be purchased within all Registered Plans subject to tax rules that deal with prohibited investments. See "Income tax considerations for investors – Units held in a Registered Plan" on page 27.

Registered Plans receive special treatment under the Tax Act. A key benefit is that you do not pay tax on the money you earn in these plans until you withdraw it (other than withdrawals from a TFSA and certain withdrawals from RESPs and RDSPs). In addition, contributions to an RRSP are deductible from your

taxable earnings up to your allowable limit. You should consult your tax advisor for more information about the tax implications of Registered Plans.

## **FEES AND EXPENSES**

The table set forth below outlines the fees and expenses that you may have to pay directly or indirectly when you invest in a fund. A fund may have to pay some of these fees and expenses, which you pay indirectly, because those fees and expenses will reduce the value of your investment in the fund.

### **Fees and expenses payable by the funds**

#### **Management fees**

Purpose, as manager of the funds, is entitled to a management fee payable by each fund. The management fee varies for each class of units of a fund. See the “Management Fee” row in the fund details table for each fund in this simplified prospectus for information on the maximum percentage of the management fee which you will be required to pay as an investor in the funds.

Purpose is the manager, portfolio manager and promoter of the funds. Purpose manages the day-to-day business and operations of the funds and provides all general management and administrative services.

No management fees or administration fees are payable by a fund that, to a reasonable person, would duplicate a fee payable by the underlying funds of that fund for the same service. In addition, the fund will not pay any sales fees or redemption fees upon a purchase or redemption of securities of an underlying fund. Any service fees paid by Purpose to your dealer, will be paid out of the management fee payable to Purpose.

#### **Management fee rebates**

To achieve effective and competitive management fees, Purpose may reduce the management fee borne by certain securityholders who have signed an agreement with Purpose. Purpose will pay out the amount of the reduction in the form of a management fee rebate directly to the eligible securityholder. Management fee rebates are reinvested in units unless otherwise requested. The decision to pay management fee rebates will be in Purpose’s discretion and will depend on a number of factors, including the size of the investment and a negotiated fee agreement between the securityholder and Purpose. Purpose reserves the right to discontinue or change management fee rebates at any time.

#### **Operating expenses**

Each fund pays all its own operating expenses. These include but are not limited to brokerage commissions and fees, taxes, audit fees, legal fees and expenses, safekeeping, registrar and transfer agent fees, trustee and custodial fees, interest expenses, administrative costs, regulatory participation fees, investor servicing costs and costs of financial and other reports to investors, as well as prospectuses.

Each fund also pays the costs and any expenses related to the IRC. The compensation and other expenses of the IRC, including the costs of complying with NI 81-107, are paid pro rata by the fund and the other investment funds managed by the manager or its affiliates for which the IRC acts as the independent review committee. Such fees and expenses

include compensation payable to each IRC member and travel expenses in connection with meeting attendance. Each IRC member receives an annual retainer of \$5,000, as well as a meeting fee of \$400 per investment fund per meeting attended. Other fees and expenses payable by the fund in connection with the IRC include insurance costs, legal fees, and attendance fees for educational seminars. These retainers, fees and expenses are allocated amongst the reporting issuer investment funds managed by the manager in a manner that is fair and reasonable to such investment funds.

Operating expenses and other costs of the fund are subject to applicable taxes. The fund's share of the IRC's compensation will be disclosed in the fund's financial statements.

### **Effect of HST on MER**

A fund is required to pay HST on management fees and administration fees charged to the fund. In general, the HST rate depends on the residence of a fund's securityholders at a certain point in time. Changes in existing HST rates, changes to which provinces impose HST and changes in the breakdown on the residence of a fund's securityholders will have an impact on the management expense ratio of a fund year over year.

### **Fund of funds fees and expenses**

The funds can invest in underlying funds managed by Purpose or an affiliate of Purpose or by third parties. In accordance with applicable laws, we cannot charge management fees to both the funds and the underlying funds where, to a reasonable person, that would result in the duplication of a fee for the same services.

In addition, no sales charges or redemption fees are payable by the funds in relation to their purchases or redemptions of securities of an underlying fund if the underlying fund is managed by Purpose or an affiliate.

### **Fees and expenses payable directly by you**

#### **Sales charges**

Your dealer, investment advisor or financial advisor may charge a sales charge and you may have to pay your dealer at the time of purchase up to 5% of the purchase price of the Class A Units you buy. We deduct the sales charge from the amount you invest and pay it to your dealer as a commission.

#### **Switch fees**

If you switch: (i) between funds; (ii) your Units of one class for Units of a different class of the same fund; or (iii) the type of account in which you hold your Units, your dealer or financial advisor may charge you a fee of up to 2% of the amount you switch. In general, your dealer may receive a switch fee or a sales commission for your switch, but not both.

#### **Redemption fees**

None

#### **Short-term trading fees**

If a holder of Units of a fund redeems Units of the fund within 30 days

of purchasing them, the manager may charge a short-term trading fee on behalf of the fund of up to 2% of the value of such Units in circumstances where it determines that the trading activity represents market timing or excessive short-term trading. No short-term trading fees are charged on redemptions made under a systematic withdrawal plan or redemptions that may occur when an investor fails to meet the minimum investment amount for the fund.

See “Purchases, switches and redemptions – Short term trading” on page 17.

**Registered tax plan fees** Fees may be payable to a dealer if you transfer an investment within a Registered Plan to another financial institution.

None of these fees are paid to Purpose.

**Fees for fee-based accounts** You may have to pay an annual fee to your dealer based on the market value of your Units. The amount of the fee is determined between you and your financial advisor.

**Failed orders** You may have to reimburse a dealer if it suffers a loss as a result of our having to redeem your Units, as the case may be, for insufficient payment. See “Purchases, switches and redemptions – How to buy and redeem” on page 15.

**Impact of sales charges**

The following table shows the fees that you would pay if:

- (a) you invested \$1,000 in Units; and
- (b) you held that investment for one, three, five or 10 years and you redeemed the entire investment immediately before the end of that period.

	Fee at time of purchase	1 year	3 years	5 years	10 years
Class A Units	\$50 <sup>1</sup>	Nil	Nil	Nil	Nil
Class F Units	Nil	Nil	Nil	Nil	Nil

**Note:**

(1) Assumes the maximum initial sales charge of 5%. The actual amount of the initial sales charge will be negotiated by you and your dealer. Purpose does not receive a sales charge or commission when you buy or redeem units.

**DEALER COMPENSATION**

**How your investment professional and dealer are paid**

Your investment professional usually is the person through whom you purchase the funds. Your investment professional could be a broker, financial planner or advisor who is registered to sell mutual funds. Your dealer is the firm for which your investment professional works.

We may also participate in co-operative advertising programs with a principal distributor to help them market a fund.

### ***Class A Units***

If you buy Class A Units, the commission you negotiate (up to 5% of your purchase amount) is deducted from your purchase amount and paid by you, through us, to your dealer. In addition, we pay your dealer a service fee when you hold Class A Units. The funds may also charge a short-term trading fee if you redeem your units within 30 days of buying them.

### ***Trailing Commission***

We pay a service fee known as a “trailing commission” to your dealer either monthly or quarterly for ongoing services your dealer may provide to you on your Class A Units. We do not pay service fees on Class F Units.

The service fee is a percentage of the value of the units you hold (see the table below for further details). Purpose pays your dealer the service fee out of the management fee payable to Purpose for as long as you hold units of the fund. We may change the terms of the service fee including the manner and frequency with which it is paid at any time. We may do this without informing you. Dealers typically pay a portion of the service fee they receive to their investment professionals for the services they provide to their clients.

<b>Fund</b>	<b>Annual Trailing Commission (Class A Units)</b>
PK Core Fund	1.00% <sup>(1)</sup>

**Note:**

(1) Plus applicable HST.

### ***Class F Securities***

We do not pay your dealer a commission if you buy Class F Units. Investors who buy Class F Units pay a negotiated fee to their dealer for investment advice and other services. The funds may also charge a short-term trading fee if you redeem your units within 30 days of buying them.

## **DEALER COMPENSATION FROM MANAGEMENT FEES**

As the funds are newly created, no management fees from the funds have been used to fund commissions, trailer fees, promotional activities and marketing expenses for Units.

## **INCOME TAX CONSIDERATIONS FOR INVESTORS**

This section contains a general summary of the principal Canadian federal income tax considerations that generally apply to individuals who, for the purposes of the Tax Act, are resident in Canada, are not affiliated and deal at arm’s length with the funds and hold Units of a fund as capital property. This summary is not intended to be legal or tax advice. You should consult with your own tax advisor to assess the tax implications of acquiring, holding, or disposing of Units of a fund based on your own unique circumstances.

For more detailed information, refer to “Income Tax Considerations for Investors” in the Annual Information Form.

This summary is based on a number of assumptions, as more particularly set out under the heading “Income Tax Considerations for Investors” in the Annual Information Form. If a fund were not to qualify, at all times, as a “mutual fund trust”, the income tax considerations described in this summary would, in some respects, be materially different.

### **How you earn income from the funds**

For Canadian income tax purposes, you must compute and report all income, capital gains, and other amounts in respect of your investment in the funds in Canadian dollars, even if you purchased Units in U.S. dollars or receive distributions in U.S. dollars.

If you have invested in a fund, you earn income for tax purposes on your investment when a fund distributes its income and capital gains to you and when you redeem or dispose of your Units for an amount greater than the amount you paid for them, subject to certain adjustments.

The amount you paid for your Units of a fund is directly relevant to the computation of your “adjusted cost base” of the Units. The calculation of the adjusted cost base is described under the subheading “Redeeming your Units” below.

### **Units held in a Registered Plan**

Provided that a fund qualifies as a “mutual fund trust” for the purposes of the Tax Act, Units of that fund will be qualified investments for trusts governed by a Registered Plan. Annuitants of RRSPs, RRIFs, subscribers of RESPs and holders of TFSAs and RDSPs should consult with their own tax advisors as to whether Units of the fund would be a “prohibited investment” within the meaning of the Tax Act in their particular circumstances.

If you hold your Units of a fund in a Registered Plan, you generally do not have to pay taxes on distributions or on redeeming your Units within such a plan. Taxes will generally be payable when you take money out of such a plan (other than a TFSA and certain withdrawals from an RESP or RDSP).

### **Units not held in a Registered Plan**

#### ***Distributions***

If you hold Units of a fund outside of a Registered Plan, you are required to include in computing your income for tax purposes any net income and the taxable portion of any net capital gains (computed in Canadian dollars) distributed to you by the fund, whether you receive the distributions in cash or they are reinvested in additional Units of the fund (including distributions of management fee rebates). The gross-up and dividend tax credit rules that apply to taxable dividends received from a taxable Canadian corporation, including the enhanced gross-up and dividend tax credit rules applicable to “eligible dividends,” will apply to such dividends that are designated to you by the fund. A fund may also designate to you any of its realized capital gains. Such designated capital gains paid by a fund will be treated as realized capital gains to you. Distributions may include foreign exchange gains because the funds are required to report income and net realized capital gains in Canadian dollars for tax purposes. The taxation of capital gains is described under the subheading “Taxation of Capital Gains and Capital Losses” below. A fund may also designate to you its foreign source income which will, effectively, retain its character for tax purposes and be treated as foreign source income earned by you. Foreign source income received by a fund will generally be net of any taxes withheld in the foreign jurisdiction. The taxes so withheld will be included in the determination of the fund’s income under the Tax Act. To the extent that a fund so designates, you will, for the purpose of computing foreign tax credits, be entitled to treat your proportionate share of such taxes withheld as though they were foreign taxes paid by you.

Generally, gains realized by a fund from the use of derivative securities will result in the distribution of income rather than capital gains unless the derivative is used to hedge capital items in accordance with the CRA's published administrative practices and jurisprudence.

A fund may pay a return of capital. For example, where distributions are in excess of the amount of income and capital gains distributed by a fund, the excess is a return of capital. A return of capital received from a fund is not taxable, but will reduce the adjusted cost base of your Units on which the return of capital was paid. A management fee rebate may be paid in the form of a return of capital. If the adjusted cost base of your Units becomes a negative amount at any time in a taxation year, you will be deemed to realize a capital gain equal to that amount and the adjusted cost base of those Units will be reset to zero. The amount of any distributions reinvested in Units of the fund will be added to the adjusted cost base of those Units.

The value of your Units may be attributable to income or capital gains that a fund has earned, accrued or realized, but not yet distributed. If you purchase Units before a fund makes a distribution of such retained income or capital gains, you will have to include the amount of such distribution in computing your income for tax purposes for the year, even though it may include income or capital gains that the fund earned before you acquired the Units. That means you may have to pay tax on your proportionate share of the net income or net realized capital gains the fund earned for the whole year, even though you were not invested in the fund during the whole year. This consideration may be particularly relevant to you if you purchase Units late in the year since a fund may pay its largest distribution at the end of a year.

The higher a fund's portfolio turnover rate in a year, the greater the chance it will generate gains and losses in that year, which may result in the acceleration of the recognition of taxable capital gains if net gains are realized. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

### ***Redeeming your Units***

Upon the disposition or deemed disposition of a Unit of a fund (including upon a redemption of Units or upon a switch of Units between the funds), a unitholder will realize a capital gain (or a capital loss) to the extent that the proceeds of disposition of the Unit exceed (or are less than) the aggregate of the adjusted cost base of the Unit and any reasonable costs of disposition. Notwithstanding the foregoing, a switch between different classes of Units of the same fund is generally not considered to be a disposition for tax purposes (except to the extent Units are redeemed to pay the switching fee). In the case of such tax-deferred switches, the unitholder's adjusted cost base of the Units received on the switch will equal the adjusted cost base of the original Units held by the unitholder.

In general, the aggregate adjusted cost base of your Units of a fund equals:

- your initial investment in Units of the fund;
- plus the cost of any additional investments in Units of the fund;
- plus reinvested distributions;
- less the capital returned as part of any distributions;
- less the adjusted cost base of any Units previously disposed of.

Each fund will provide you with details regarding your proceeds of disposition from a redemption of your Units of the fund. However, in order to calculate your capital gain (or capital loss) resulting from a

redemption or other disposition of Units, you need to know the aggregate adjusted cost base of your Units before the disposition.

### ***Calculating your capital gains or losses***

Generally, one-half of a capital gain (a “taxable capital gain”) is included in computing income and one-half of a capital loss (an “allowable capital loss”) is deductible against taxable capital gains in accordance with the provisions of the Tax Act. All amounts relevant to such computation must be determined in Canadian dollars for tax purposes.

In certain situations where you dispose of Units of a fund and would otherwise realize a capital loss, the loss will be denied. This may occur if you, your spouse or another person affiliated with you (including a corporation controlled by you) has acquired Units of the same fund (which are considered to be “substituted property”) within 30 days before or after you dispose of your Units. In these circumstances, your capital loss may be deemed to be a “superficial loss” and denied. The amount of the denied capital loss will be added to the adjusted cost base to the owner of the Units which are substituted property.

### ***Alternative minimum tax***

Individuals who receive distributions as taxable dividends from taxable Canadian corporations or capital gains from a fund or who realize net capital gains from the disposition of Units of the fund may be subject to alternative minimum tax under the Tax Act.

## **WHAT ARE YOUR LEGAL RIGHTS?**

Securities legislation in some provinces gives you the right to withdraw from an agreement to buy mutual funds within two business days of receiving the simplified prospectus or fund facts, or to cancel your purchase within 48 hours of receiving confirmation of your order.

Securities legislation in some provinces and territories also allows you to cancel an agreement to buy units and get your money back or to make a claim for damages, if the simplified prospectus, annual information form, fund facts or financial statements misrepresent any facts about the funds. These rights must usually be exercised within certain time limits.

For more information, refer to the securities legislation of your province or territory or consult your lawyer.

## **SPECIFIC INFORMATION ABOUT EACH OF THE MUTUAL FUNDS DESCRIBED IN THIS DOCUMENT**

### **How to read these fund descriptions**

In this part of the Simplified Prospectus we have set out fund-specific information to assist you in reviewing the funds and evaluating which fund is appropriate for your investment needs. The specific information for each fund is divided into the following sections.

### **Fund details**

Each fund is a mutual fund established as a trust under the laws of the Province of Ontario. The authorized capital of each fund includes one or more classes of exchange-traded units and one or more classes of mutual fund units. An unlimited number of mutual fund units of the funds are authorized for issuance. Expenses of each class are tracked separately and a separate NAV is calculated for each class. More details can be found under “Fees and expenses”.

This table gives you a brief summary of each fund. It describes what type of mutual fund it is, when it was established and the classes of units that the fund offers. The table also highlights that units of the fund are a qualified investment for Registered Plans and TFSAs. The table also tells you the management fee for each class of units of the fund.

### **What does the fund invest in?**

#### *Investment objectives*

This section outlines the investment objectives of each fund and the type of securities in which the fund may invest to achieve those investment objectives. A fund’s investment objectives may include capital preservation, generating income, capital growth or a combination of the three. Some funds focus on diversification across asset classes, while others take a focused investment theme, investing in a particular country or sector as their objective.

#### *Investment strategies*

This section describes the principal investment strategies that the investment advisor uses to achieve the fund’s investment objectives. It gives you a better understanding of how your money is being managed. The format also allows you to compare more easily how different mutual funds are managed.

#### How the funds engage in securities lending

Each fund may enter into securities lending transactions, repurchase transactions and reverse repurchase transactions.

A “securities lending transaction” is where a fund lends portfolio securities that it owns to a third-party borrower. The borrower promises to return to the fund at a later date an equal number of the same securities and to pay a fee to the fund for borrowing the securities. While the securities are borrowed, the borrower provides the fund with collateral consisting of a combination of cash and securities. In this way, the fund retains exposure to changes in the value of the borrowed securities while earning additional fees.

A “repurchase transaction” is where a fund sells portfolio securities that it owns to a third party for cash and simultaneously agrees to buy back the securities at a later date at a specified price using the cash

received by the fund from the third party. While the fund retains its exposure to changes in the value of the portfolio securities, it also earns fees for participating in the repurchase transaction.

A “reverse repurchase transaction” is where a fund purchases certain types of debt securities from a third party and simultaneously agrees to sell the securities back to the third party at a later date at a specified price. The difference between the fund’s purchase price for the debt instruments and the resale price provides the fund with additional income.

As indicated above, securities lending, repurchase and reverse repurchase transactions enable the funds to earn additional income and thereby enhance their performance.

A fund will not enter into a securities lending transaction or a repurchase transaction if, immediately thereafter, the aggregate market value of all securities loaned by the fund and not yet returned to it or sold by the fund in repurchase transactions and not yet repurchased would exceed 50% of the total assets of the fund (exclusive of collateral held by the fund for securities lending transactions and cash held by the fund for repurchase transactions).

#### How the funds use derivatives

A derivative is an investment that derives its value from another investment, the underlying investment. This could be a stock, bond, currency or market index. Derivatives usually take the form of a contract with another party to buy or sell an asset at a later time. Some examples of derivatives are options, futures and forward contracts.

Each fund may use derivatives as permitted by securities regulations. They may use them to:

- (a) hedge their investments against losses from factors like currency fluctuations, stock market risks and interest rate changes; and
- (b) invest indirectly in securities or financial markets, provided the investment is consistent with the fund’s investment objective.

When a fund uses derivatives for purposes other than hedging, it holds enough cash or money market instruments to fully cover its position in the derivative, as required by securities regulations.

#### How the funds engage in short selling

Each fund may engage in short selling, which involves borrowing securities from a lender, which are then sold in the open market (or “sold short”). At a later date, the same number of securities are repurchased by the fund and returned to the lender. In the interim, the proceeds from the first sale are deposited with the lender and the fund pays interest to the lender. If the value of the securities declines between the time that the fund borrows the securities and the time it repurchases and returns the securities, the fund makes a profit for the difference (less any interest the fund is required to pay to the lender). In this way, the fund has more opportunities for gains when markets are generally volatile or declining.

The fund may engage in short selling should securities be identified that are trading at a significant premium to their intrinsic value and are anticipated to decline in value. The fund may also engage in short selling as a means of implementing a “hedge” in an attempt to lessen fund volatility in declining markets. In this instance, the fund would sell short securities representing a market index or sub index. The fund may also sell short a security as a means of capturing a pricing disparity between itself and a related security, which would be purchased or held “long”. This process of capturing price differences between

related securities is referred to as arbitrage. Examples of such an action would include companies involved in merger or acquisition activity or other corporate action.

#### Investing in underlying funds

Funds may invest in underlying funds, either directly or by gaining exposure to an underlying fund through a derivative.

In selecting underlying funds, we assess a variety of criteria, including:

- (a) management style;
- (b) investment performance and consistency;
- (c) risk tolerance levels;
- (d) calibre of reporting procedures; and
- (e) quality of the manager and/or investment advisor.

We review and monitor the performance of the underlying funds in which we invest. The review process consists of an assessment of the underlying funds. Factors such as adherence to stated investment mandate, returns, risk adjusted return measures, assets, investment management process, style, consistency and continued portfolio fit may be considered. This process may result in suggested revisions to weightings of the underlying funds, the inclusion of new underlying funds or the removal of one or more underlying funds.

#### Investing in ETFs

An index participation unit under applicable Canadian mutual fund rules is a security traded on a stock exchange in Canada or the U.S. that is issued by an issuer the only purpose of which is to: hold the securities that are included in a specified widely quoted market index in substantially the same proportion as those securities are reflected in that index, or invest in a manner that causes the issuer to replicate the performance of that index.

Under applicable securities legislation, a mutual fund is permitted to invest in an ETF whose securities qualify as IPU's if:

- the investment objective of the ETF is consistent with the mutual fund's investment objective;
- no management fees or portfolio management fees are payable by the mutual fund that would duplicate a fee payable by the ETF;
- no sales charges or deferred sales charges are payable by the mutual fund in relation to its purchases or redemptions of the securities of the ETF, except for trading costs; and
- no sales fees or redemption fees, other than brokerage fees, are payable by the mutual fund in relation to its purchases or redemptions of the securities of the ETF that, to a reasonable person, would duplicate a fee payable by an investor in the ETF.

Subject to certain conditions, the funds may also rely on exemptive relief in order to invest in ETFs managed by an affiliate of Purpose and whose securities do not qualify as IPU's and which permit the Funds to:

- purchase a security of an ETFs or enter into a specified derivatives transaction with respect to an ETF even though, immediately after the transaction, more than 10% of the net asset value of the fund would be invested, directly or indirectly, in the securities of the ETF;
- purchase securities of an ETF such that, after the purchase, the fund would hold securities representing more than 10% of: (i) the votes attaching to the outstanding voting securities of the ETF; or (ii) the outstanding equity securities of the ETF; and
- invest in ETFs that are not subject to NI 81-101.

### **What are the risks of investing in the fund?**

Understanding risk and your comfort with risk is an important part of investing. This section highlights the specific risks of each fund. We have listed the risks in the order of relevance for each fund. You will find general information about the risks of investing and descriptions of each specific risk under "What is a mutual fund and what are the risks of investing in a mutual fund?" on page 5.

#### Investment risk classification methodology

We assign an investment risk rating to each fund to provide you with further information to help you determine whether the fund is appropriate for you. Each fund is assigned an investment risk rating in one of the following categories: low, low to medium, medium, medium to high or high risk.

We determine the risk rating for each fund in accordance with NI 81-102. The investment risk level of a fund is required to be determined in accordance with a standardized risk classification methodology that is based on the historical volatility of the fund as measured by the 10-year standard deviation of the returns of the fund. Just as historical performance may not be indicative of future returns, a fund's historical volatility may not be indicative of its future volatility. You should be aware that other types of risk, both measurable and non-measurable, also exist.

Standard deviation is a statistical measure used to estimate the dispersion of a set of data around the average value of the data. In the context of investment returns, it measures the amount of variability of returns that has historically occurred relative to the average return. The higher the standard deviation, the greater the variability of returns it has experienced in the past.

A fund's risk rating is determined by calculating its standard deviation for the most recent 10 years using monthly returns and assuming the reinvestment of all income and capital gains distributions in additional units of the fund. For those funds that do not have at least 10 years of performance history or that have changed their fundamental investment objectives within the last 10 years, we use as a proxy a reference index that reasonably approximates or, for a newly established fund, that is reasonably expected to approximate, the standard deviation of the fund (or in certain cases a highly similar mutual fund managed by us) for the remainder of the 10 year period before the fund was created or changed its fundamental investment objectives. There may be times when we believe this methodology produces a result that does not reflect a fund's risk based on other qualitative factors. As a result, we may place the Fund in a higher risk rating category, as appropriate. We review the risk rating for each fund on an annual basis or if there has been a material change to a fund's investment objectives or investment strategies.

Each fund is assigned an investment risk rating in one of the following categories:

- **Low** – for funds with a level of risk that is typically associated with investments in money market funds and Canadian fixed income funds;
- **Low to Medium** – for funds with a level of risk that is typically associated with investments in balanced funds and global and/or corporate fixed income funds;
- **Medium** – for funds with a level of risk that is typically associated with investments in equity portfolios that are diversified among a number of large-capitalization Canadian and/or international equity securities;
- **Medium to High** – for funds with a level of risk that is typically associated with investments in equity funds that may concentrate their investments in specific sectors of the economy; and
- **High** – for funds with a level of risk that is typically associated with investment in equity portfolios that may concentrate their investments in specific regions or in specific sectors of the economy where there is substantial risk of loss (e.g. emerging markets, precious metals).

A copy of the methodology we use to identify the investment risk levels of the funds is available on request, at no cost, by calling 1-877-789-1517, by emailing us at [info@purposeinvest.com](mailto:info@purposeinvest.com) or by writing to us at the address on the back cover of this simplified prospectus.

### **Who should invest in this fund?**

This section tells you the type of investment portfolio or investor the fund may be suitable for. This is meant as a general guide only. For advice about your own circumstances, please consult your financial advisor.

### **Distribution policy**

This section tells you how often the fund pays out distributions of income and capital gains or a return of capital and how they are paid. Distributions on mutual fund units are reinvested in additional mutual fund units of the same class of the fund unless you tell your dealer to inform us that you want them in cash. Distributions are not guaranteed and may change from time to time at our discretion. See “Income tax considerations for investors” on page 26 for more information.

### **Fund expenses indirectly borne by investors**

Each fund pays its own operating expenses which in turn reduces the fund’s returns. These tables show the fees and expenses paid by you if you hold units of a fund assuming: (a) a \$1,000 investment in the class of the fund; (b) the class of the fund earns a 5% total return in each period; and (c) the class of the fund paid the same management expense ratio (“MER”) for the entire period as it did in its last financial year. Where the manager has waived a portion of its management fee or absorbed some of the fund’s operating expenses during the past financial year, the MER would have been higher than in instances where no such waiver or absorption occurred and consequently would have increased the fund’s expenses indirectly borne by you. For more information on fees and expenses paid directly by you, see “Fees and Expenses”.

## **Additional information**

### ***Past performance and financial highlights***

You can find more information, including past performance and financial highlights, in the annual and interim management reports of fund performance for each fund, when available. For a copy of these documents, at no cost, call us at 1-877-789-1517, visit our website at [www.purposeinvest.com](http://www.purposeinvest.com), send an email to us at [info@purposeinvest.com](mailto:info@purposeinvest.com) or ask your dealer.

### ***Policies and procedures regarding proxy voting***

As manager for the funds, Purpose has responsibility for the investment management of the funds, including the exercise of voting rights attaching to securities held by the funds. Each fund has proxy voting policies and procedures which require the fund's voting rights to be exercised in accordance with the best interests of the fund. Additional information about the policies and procedures regarding proxy voting, including how to obtain a copy of such policies, is available in the annual information form of the funds.

## PK CORE FUND

<b>Fund Type</b>	Global Balanced Fund	
<b>Date Started</b>	September 26, 2018	
<b>Type of Securities</b>	Class A units Class F units	
<b>Management Fee</b>	<b>Class</b> Class A units Class F units	<b>Management Fee</b> 1.40% <sup>(1)</sup> 0.65% <sup>(1) (2)</sup>
<b>Registered Plan/TFSA Eligibility</b>	Eligible	

**Note:**

- (1) Plus applicable HST.
- (2) The Manager may from time to time, in its own discretion, waive a portion of the management fee resulting in a reduction of the management fee charged for the Class F units. To the extent a portion of the management fee is waived, the Manager reserves the right to stop such waiver at any time and without notice to, or the consent of, unitholders.

### What does the fund invest in?

#### *Investment Objectives*

The fund's investment objectives are to provide unitholders with an attractive level of long-term capital growth by dynamically investing in a broad range of asset classes and geographies which may include equity, fixed income, inflation-sensitive securities, alternative investments and cash with the goal of achieving a positive total return in diverse market environments while reducing portfolio risk.

The fund will not change its fundamental investment objectives unless the consent of a majority of the fund's unitholders has been obtained.

#### *Investment Strategies*

The fund primarily employs a dynamic rules-based asset allocation strategy to gain exposure to multiple asset classes and geographies with the goal of achieving a positive total return in diverse market environments while minimizing portfolio risk. The fund is not limited to how much it invests in each asset class or geographical region. The fund's sub-advisor tactically allocates assets based on market conditions.

The fund may invest in ETFs and other underlying funds with either passive or active mandates. The fund may also invest in individual securities. The portfolio holdings may be reconstituted on a daily basis in the sub-advisor's discretion.

The fund will be exposed to securities traded in foreign currencies and may, in the sub-advisor's discretion, enter into currency hedging transactions (including currency forward contracts) to reduce the effects of changes in the value of foreign currencies relative to the value of the Canadian dollar. Up to 100% of the fund's assets may be invested in non-Canadian securities.

The fund may hold cash or fixed income securities for strategic reasons.

## Derivatives

A derivative is an investment that derives its value from another investment, the underlying investment. This could be a stock, bond, currency or market index. Derivatives usually take the form of a contract with another party to buy or sell an asset at a later time. Some examples of derivatives are options, futures and forward contracts.

The fund may use derivatives as permitted by securities regulations. It may use them to:

- hedge its investments against losses from factors like currency fluctuations, stock market risks and interest rate changes; and
- invest indirectly in securities or financial markets, provided the investment is consistent with the fund's investment objective.

When the fund uses derivatives for purposes other than hedging, it holds enough cash or money market instruments to fully cover its position in the derivative, as required by securities regulations.

When appropriate, the fund may use derivatives for both hedging and non-hedging purposes in compliance with NI 81-102, including but not limited to options, futures contracts, forward contracts and swaps as permitted by Canadian securities laws, to hedge market exposure to protect capital, to hedge against interest rate risk and foreign currency exposure, hedge against losses from changes in the prices of the fund's investments and/or as a substitute for direct investment. The fund may hold cash to protect capital.

## Securities lending

The fund may enter into securities lending transactions. A securities lending transaction is where the fund lends portfolio securities that it owns to a third party borrower. The borrower promises to return to the fund at a later date an equal number of the same securities and to pay a fee to the fund for borrowing the securities. While the securities are borrowed, the borrower provides the fund with collateral consisting of a combination of cash and securities. In this way, the fund retains exposure to changes in the value of the borrowed securities while earning additional fees.

The fund may enter into securities lending transactions to earn additional income and thereby enhance performance.

## Short selling

The fund may engage in short selling, which involves borrowing securities from a lender, which are then sold in the open market (or "sold short"). At a later date, the same number of securities are repurchased by the fund and returned to the lender. In the interim, the proceeds from the first sale are deposited with the lender and the fund pays interest to the lender. If the value of the securities declines between the time that the fund borrows the securities and the time it repurchases and returns the securities, the fund makes a profit for the difference (less any interest the fund is required to pay to the lender). In this way, the fund has more opportunities for gains when markets are generally volatile or declining.

The fund may engage in short selling should securities be identified that are trading at a significant premium to their intrinsic value and are anticipated to decline in value. The fund may also engage in short selling as a means of implementing a "hedge" in an attempt to lessen fund volatility in declining markets. In this instance, the fund would sell short securities representing a market index or sub index. The fund may also sell short a security as a means of capturing a pricing disparity between itself and a related

security, which would be purchased or held “long”. This process of capturing price differences between related securities is referred to as arbitrage. Examples of such an action would include companies involved in merger or acquisition activity or other corporate action.

#### Investing in underlying funds

The fund may invest up to 100% of its assets in underlying funds, either directly or by gaining exposure to an underlying fund through a derivative, as permitted by Canadian securities laws, to achieve its investment objectives. In selecting underlying funds, we assess a variety of criteria, including:

- management style;
- investment performance and consistency;
- risk tolerance levels;
- calibre of reporting procedures; and
- quality of the manager and/or investment advisor.

We review and monitor the performance of the underlying funds in which the fund invests. The review process consists of an assessment of the underlying funds. Factors such as adherence to stated investment mandate, returns, risk adjusted return measures, assets, investment management process, style, consistency and continued portfolio fit may be considered. This process may result in suggested revisions to weightings of the underlying funds, the inclusion of new underlying funds or the removal of one or more underlying funds.

When the fund is invested in underlying funds, Purpose, as manager of the fund, will either not vote the securities of the underlying funds if the underlying funds are managed by Purpose or an affiliate or will pass the voting rights directly to unitholders of the fund. Purpose may, in some circumstances, choose not to pass the vote to unitholders because of the complexity and costs associated with doing so.

Subject to certain conditions, the fund may rely on exemptive relief in order to invest in ETFs managed by Purpose and whose securities do not qualify as IPU's and which permit the fund to:

- purchase a security of an ETF or enter into a specified derivatives transaction with respect to an ETF even though, immediately after the transaction, more than 10% of the NAV of the fund would be invested, directly or indirectly, in the securities of the ETF;
- purchase securities of an ETF such that, after the purchase, the fund would hold securities representing more than 10% of: (i) the votes attaching to the outstanding voting securities of the ETF; or (ii) the outstanding equity securities of the ETF; and
- invest in ETFs that are not subject to NI 81-101.

#### Changes to investment strategies

The manager may change the fund's investment strategies at its discretion without notice to or approval of securityholders.

#### **What are the risks of investing in the fund?**

Set out below are some of the more specific investment risks associated with investing in the fund. Some of the risks arise due to investments made directly by the fund. Other risks arise from investments made by underlying funds in which the fund invests some of its asset. For more information on the general risks

of investing in mutual funds, see “What is a mutual fund and what are the risks of investing in a mutual fund?”.

- (a) changes in legislation risk;
- (b) commodity risk;
- (c) credit risk;
- (d) currency risk;
- (e) cybersecurity risk;
- (f) derivative risk;
- (g) equity investment risk;
- (h) fluctuations in NAV and NAV per unit risk;
- (i) foreign investment risk;
- (j) futures contract liquidity risk;
- (k) futures contract margin risk;
- (l) interest rate risk;
- (m) liquidity risk;
- (n) multi-class risk
- (o) reliance on the manager and sub-advisor risk;
- (p) risk of loss;
- (q) securities lending risk;
- (r) short selling risk; and
- (s) tax risk.

We have classified this fund’s risk level as low to medium.

The fund’s risk rating is determined by calculating its standard deviation for the most recent 10 years using monthly returns and assuming the reinvestment of all income and capital gains distributions in additional Units. To the extent that the fund does not have at least 10 years of performance history, we use a reference index that reasonably approximates, or that is reasonably expected to approximate, the standard deviation of the fund as a proxy. For this purpose, the reference index we used was the following composite of market indices: 30% of the S&P/TSX 60 Total Return Index, 30% of the MSCI ACWI Total Return Index (CAD), 20% of the FTSE TMX Canada Universe Bond Index, and 20% of the Bloomberg Barclays Global Aggregate Bond Index (CAD). The S&P/TSX 60 Total Return Index is designed to represent leading companies in leading industries. Its 60 stocks make it ideal for coverage of companies

with large market capitalizations and a cost-efficient way to achieve Canadian equity exposure. The MSCI ACWI Total Return Index (CAD) captures large and mid-cap representation across 23 developed markets and 24 emerging markets countries. The FTSE TMX Canada Universe Bond Index is a market capitalization-weighted index designed to be a broad measure of the Canadian investment grade, fixed income market, including Government of Canada, provincial and corporate bonds with maturities of more than one year and a credit rating of BBB or higher. The Bloomberg Barclays Global Aggregate Bond Index (CAD) is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers. Please see “Specific information about each of the mutual funds described in this document – Investment risk classification methodology” on page 33 for a description of how we determined the classification of this fund’s risk level.

**Who should invest in this fund?**

This fund may be right for you if:

- (a) you want growth over the medium to long term;
- (b) you are investing for the medium and/or long term; and
- (c) you can tolerate low to medium risk.

**Distribution Policy**

The fund expects to pay distributions annually. **Distributions are reinvested in additional Units unless you tell your financial advisor to inform us that you want them in cash.** Distributions are not guaranteed and may change from time to time at our discretion. Distributions of any excess income are determined and made annually and distributions of any excess capital gains are made annually in December. See “Income tax considerations for investors” on page 26 for more information.

**Fund Expenses Indirectly Borne By Investors**

This information is not currently available because the fund was recently created.

## PURPOSE GLOBAL DIVERSIFIED ETF FUND

<b>Fund Type</b>	Global Balanced Fund
<b>Date Started</b>	September 26, 2018
<b>Type of Securities</b>	Class F units
<b>Management Fee</b>	0.50% <sup>(1)</sup>
<b>Registered Plan/TFSA Eligibility</b>	Eligible

**Note:**

(1) Plus applicable HST.

### **What does the fund invest in?**

#### ***Investment Objectives***

The fund's investment objectives are to provide unitholders with an attractive level of long term capital growth by investing across a broad range of asset classes including domestic and foreign equities, fixed income, inflation-sensitive securities, preferred shares, alternative investments and cash with the goal of achieving a positive total return in diverse market environments while reducing portfolio risk and focus on capital protection.

The fund will not change its fundamental investment objectives unless the consent of a majority of the fund's unitholders has been obtained.

#### ***Investment Strategies***

The fund uses an asset allocation strategy that achieves diversification across multiple dimensions including asset classes, geographies and investment styles with the intention of generating long term capital growth while focusing on minimizing volatility and capital protection. The fund's portfolio advisor decides how much of the fund's assets are invested in each asset class according to market conditions. The fund's investment strategy core focus is on diversification by increasing allocation to asset classes, geographies and investment styles that are expected to outperform and reducing allocation to those that are expected to underperform. In doing so, the fund may invest in ETFs and other underlying funds with either passive or active mandates. The portfolio holdings may be reconstituted on a daily basis in the portfolio advisor's discretion.

The fund will be exposed to securities traded in foreign currencies and may, in the portfolio advisor's discretion, enter into currency hedging transactions (including currency forward contracts) to reduce the effects of changes in the value of foreign currencies relative to the value of the Canadian dollar.

The fund can invest up to 100% of its assets invested in foreign securities. The fund may hold cash or fixed income securities for strategic reasons..

#### **Derivatives**

A derivative is an investment that derives its value from another investment, the underlying investment. This could be a stock, bond, currency or market index. Derivatives usually take the form of a contract

with another party to buy or sell an asset at a later time. Some examples of derivatives are options, futures and forward contracts.

The fund may use derivatives as permitted by securities regulations. It may use them to:

- hedge its investments against losses from factors like currency fluctuations, stock market risks and interest rate changes; and
- invest indirectly in securities or financial markets, provided the investment is consistent with the fund's investment objective.

When the fund uses derivatives for purposes other than hedging, it holds enough cash or money market instruments to fully cover its position in the derivative, as required by securities regulations.

When appropriate, the fund may use derivatives for both hedging and non-hedging purposes in compliance with NI 81-102, including but not limited to options, futures contracts, forward contracts and swaps as permitted by Canadian securities laws, to hedge market exposure to protect capital, to hedge against interest rate risk and foreign currency exposure, hedge against losses from changes in the prices of the fund's investments and/or as a substitute for direct investment. The fund may hold cash to protect capital.

#### Securities lending

The fund may enter into securities lending transactions. A securities lending transaction is where the fund lends portfolio securities that it owns to a third party borrower. The borrower promises to return to the fund at a later date an equal number of the same securities and to pay a fee to the fund for borrowing the securities. While the securities are borrowed, the borrower provides the fund with collateral consisting of a combination of cash and securities. In this way, the fund retains exposure to changes in the value of the borrowed securities while earning additional fees.

The fund may enter into securities lending transactions to earn additional income and thereby enhance performance.

#### Short selling

The fund may engage in short selling, which involves borrowing securities from a lender, which are then sold in the open market (or "sold short"). At a later date, the same number of securities are repurchased by the fund and returned to the lender. In the interim, the proceeds from the first sale are deposited with the lender and the fund pays interest to the lender. If the value of the securities declines between the time that the fund borrows the securities and the time it repurchases and returns the securities, the fund makes a profit for the difference (less any interest the fund is required to pay to the lender). In this way, the fund has more opportunities for gains when markets are generally volatile or declining.

The fund may engage in short selling should securities be identified that are trading at a significant premium to their intrinsic value and are anticipated to decline in value. The fund may also engage in short selling as a means of implementing a "hedge" in an attempt to lessen fund volatility in declining markets. In this instance, the fund would sell short securities representing a market index or sub index. The fund may also sell short a security as a means of capturing a pricing disparity between itself and a related security, which would be purchased or held "long". This process of capturing price differences between related securities is referred to as arbitrage. Examples of such an action would include companies involved in merger or acquisition activity or other corporate action.

Investing in underlying funds

The fund may invest up to 100% of its assets in underlying funds, either directly or by gaining exposure to an underlying fund through a derivative, as permitted by Canadian securities laws, to achieve its investment objectives. In selecting underlying funds, we assess a variety of criteria, including:

- management style;
- investment performance and consistency;
- risk tolerance levels;
- calibre of reporting procedures; and
- quality of the manager and/or investment advisor.

We review and monitor the performance of the underlying funds in which the fund invests. The review process consists of an assessment of the underlying funds. Factors such as adherence to stated investment mandate, returns, risk adjusted return measures, assets, investment management process, style, consistency and continued portfolio fit may be considered. This process may result in suggested revisions to weightings of the underlying funds, the inclusion of new underlying funds or the removal of one or more underlying funds.

When the fund is invested in underlying funds, Purpose, as manager of the fund, will either not vote the securities of the underlying funds if the underlying funds are managed by Purpose or an affiliate or will pass the voting rights directly to unitholders of the fund. Purpose may, in some circumstances, choose not to pass the vote to unitholders because of the complexity and costs associated with doing so.

Subject to certain conditions, the fund may rely on exemptive relief in order to invest in ETFs managed by Purpose and whose securities do not qualify as IPU's and which permit the fund to:

- purchase a security of an ETF or enter into a specified derivatives transaction with respect to an ETF even though, immediately after the transaction, more than 10% of the NAV of the fund would be invested, directly or indirectly, in the securities of the ETF;
- purchase securities of an ETF such that, after the purchase, the fund would hold securities representing more than 10% of: (i) the votes attaching to the outstanding voting securities of the ETF; or (ii) the outstanding equity securities of the ETF; and
- invest in ETFs that are not subject to NI 81-101.

Changes to investment strategies

The manager may change the fund's investment strategies at its discretion without notice to or approval of securityholders.

**What are the risks of investing in the fund?**

Set out below are some of the more specific investment risks associated with investing in the fund. Some of the risks arise due to investments made directly by the fund. Other risks arise from investments made by underlying funds in which the fund invests some of its asset. For more information on the general risks of investing in mutual funds, see "What is a mutual fund and what are the risks of investing in a mutual fund?".

- (a) changes in legislation risk;
- (b) commodity risk;
- (c) credit risk;
- (d) currency risk;
- (e) cybersecurity risk;
- (f) derivative risk;
- (g) equity investment risk;
- (h) fluctuations in NAV and NAV per unit risk;
- (i) foreign investment risk;
- (j) futures contract liquidity risk;
- (k) futures contract margin risk;
- (l) interest rate risk;
- (m) liquidity risk;
- (n) reliance on the manager and sub-advisor risk;
- (o) risk of loss;
- (p) securities lending risk;
- (q) short selling risk; and
- (r) tax risk.

We have classified this fund's risk level as low to medium.

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**PK CORE FUND  
PURPOSE GLOBAL DIVERSIFIED ETF FUND**

You will find more information about each fund in its annual information form, fund facts, management reports of fund performance and financial statements. These documents are incorporated by reference into this simplified prospectus, which means they legally form part of this simplified prospectus just as if they were printed as part of this simplified prospectus.

You can get a copy of these documents, at your request, and at no cost, by calling toll-free at 1-877-789-1517, by emailing us at [info@purposeinvest.com](mailto:info@purposeinvest.com) or by contacting your dealer.

You can also get copies of this simplified prospectus, the fund facts, the annual information form, the management reports of fund performance and the financial statements from the Purpose website at [www.purposeinvest.com](http://www.purposeinvest.com).

These documents and other information about the funds, such as information circulars and material contracts, are also available at [www.sedar.com](http://www.sedar.com).

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