

**SIMPLIFIED PROSPECTUS**

**PURPOSE GOLD BULLION FUND**

**Offering Class A non-currency hedged units, Class A currency hedged units, ETF units, ETF non-currency hedged units, U.S. dollar denominated ETF non-currency hedged units, Class F currency hedged units and Class F non-currency hedged units**

**July 16, 2020**

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.*

## TABLE OF CONTENTS

<p>INTRODUCTION..... 1</p> <p>GLOSSARY ..... 2</p> <p>WHAT IS A MUTUAL FUND AND WHAT ARE THE RISKS OF INVESTING IN A MUTUAL FUND? ..... 6</p> <p style="padding-left: 20px;">What is a mutual fund?..... 6</p> <p style="padding-left: 20px;">What do you own? ..... 6</p> <p style="padding-left: 20px;">What are the general risks of investing in a mutual fund? ..... 6</p> <p style="padding-left: 20px;">How can an investor in a mutual fund manage risk?..... 7</p> <p style="padding-left: 20px;">What are the specific risks of investing in a mutual fund? ..... 7</p> <p>ORGANIZATION AND MANAGEMENT OF THE FUND ..... 14</p> <p>PURCHASES, SWITCHES AND REDEMPTIONS..... 15</p> <p style="padding-left: 20px;">How the securities of the fund are valued..... 15</p> <p style="padding-left: 20px;">How to buy and redeem..... 16</p> <p style="padding-left: 20px;">Issuance of mutual fund units ..... 16</p> <p style="padding-left: 20px;">Initial investment ..... 17</p> <p style="padding-left: 20px;">Mutual fund units ..... 17</p> <p style="padding-left: 20px;">Issuance of ETF Units ..... 18</p> <p style="padding-left: 20px;">Short-term trading ..... 19</p> <p style="padding-left: 20px;">Purchases ..... 20</p> <p style="padding-left: 20px;">Switches..... 21</p> <p style="padding-left: 20px;">Redemptions ..... 21</p> <p style="padding-left: 20px;">Non-resident unitholders ..... 25</p> <p style="padding-left: 20px;">International information reporting ..... 26</p> <p style="padding-left: 20px;">Registration and transfer through CDS – ETF Units..... 26</p> <p>OPTIONAL SERVICES ..... 27</p> <p style="padding-left: 20px;">Distribution reinvestment plan..... 27</p> <p style="padding-left: 20px;">Pre-authorized cash contribution ..... 28</p> <p style="padding-left: 20px;">Systematic withdrawal plan..... 29</p> <p style="padding-left: 20px;">U.S. dollar purchase option ..... 30</p> <p style="padding-left: 20px;">Registered Plans..... 30</p> <p>FEES AND EXPENSES..... 30</p>	<p style="padding-left: 20px;">Fees and expenses payable by the fund..... 31</p> <p style="padding-left: 20px;">Fees and expenses payable directly by you ..... 32</p> <p style="padding-left: 20px;">Impact of sales charges ..... 33</p> <p>PRICE RANGE AND TRADING VOLUME OF ETF UNITS..... 34</p> <p>DEALER COMPENSATION ..... 35</p> <p style="padding-left: 20px;">How your investment professional and dealer are paid..... 35</p> <p style="padding-left: 20px;">Other forms of dealer support ..... 36</p> <p>DEALER COMPENSATION FROM MANAGEMENT FEES ..... 36</p> <p>INCOME TAX CONSIDERATIONS FOR INVESTORS ..... 37</p> <p style="padding-left: 20px;">How you can earn money from your investment..... 37</p> <p style="padding-left: 20px;">Tax treatment of the fund..... 37</p> <p style="padding-left: 20px;">How your investment is taxed..... 38</p> <p style="padding-left: 20px;">For units held in a Registered Plan ..... 38</p> <p style="padding-left: 20px;">For units held in a non-registered account..... 39</p> <p>WHAT ARE YOUR LEGAL RIGHTS? ..... 40</p> <p style="padding-left: 20px;">Mutual fund units ..... 40</p> <p style="padding-left: 20px;">ETF Units..... 40</p> <p>ADDITIONAL INFORMATION..... 41</p> <p style="padding-left: 20px;">Exemptions and approvals ..... 41</p> <p>SPECIFIC INFORMATION ABOUT THE MUTUAL FUND DESCRIBED IN THIS DOCUMENT..... 42</p> <p style="padding-left: 20px;">How to read these fund descriptions..... 42</p> <p style="padding-left: 20px;">What does the fund invest in? ..... 42</p> <p style="padding-left: 20px;">How the fund uses derivatives..... 42</p> <p style="padding-left: 20px;">What are the risks of investing in the fund? ..... 43</p> <p style="padding-left: 20px;">Who should invest in this fund? ..... 43</p> <p style="padding-left: 20px;">Investment risk classification methodology ..... 43</p> <p style="padding-left: 20px;">Distribution policy ..... 44</p>
--	---

**TABLE OF CONTENTS**  
(continued)

Fund expenses indirectly borne by investors .....	44
Additional information .....	44
<b>PURPOSE GOLD BULLION FUND .....</b>	<b>45</b>
What does the fund invest in? .....	45
What are the risks of investing in the fund? .....	46
Who should invest in this fund? .....	47
Distribution Policy .....	48
Fund Expenses Indirectly Borne By Investors .....	48

## INTRODUCTION

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

This simplified prospectus contains selected important information about the fund 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 41 of this simplified prospectus explain general information that applies to the fund as well as general information regarding mutual funds and their risks. Pages 42 to 48 contain specific information about the fund described in this simplified prospectus.

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

- (a) the fund’s annual information form;
- (b) the fund’s most recently filed fund facts;
- (c) the fund’s most recently filed annual financial statements;
- (d) any interim financial statements filed after those annual financial statements;
- (e) the fund’s most recently filed annual management report of fund performance;
- (f) any interim management report of fund performance filed after that annual management report of fund performance; and
- (g) the fund’s most recently filed ETF Facts.

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 by contacting your dealer.

You can also get copies of this simplified prospectus, the fund facts, the ETF 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 fund are also available at [www.sedar.com](http://www.sedar.com).

## GLOSSARY

In this simplified prospectus:

“**adjusted cost base**” means, in general terms, the total price you paid for all the units of a class of the fund in your account, including reinvested distributions. The adjusted cost base per unit of a class is the weighted average price paid per unit of that class.

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

“**basket**” (of a class) means the gold bullion and cash in such amount as determined by the manager in its discretion from time to time.

“**business day**” means any day on which the TSX or such other designated exchange on which the ETF Units may be listed from time to time is open for trading.

“**Cash Exchange Fee**” means the fee payable in connection with cash payments (in whole or in part) for exchanges of a prescribed number of ETF Units of the fund, representing, as applicable, brokerage expenses, commissions, transaction costs, costs or expenses related to market impact and other costs or expenses that the fund incurs or expects to incur in selling gold bullion on the market to obtain the necessary cash for the exchange.

“**Cash Subscription Fee**” means the fee payable in connection with cash payments (in whole or in part) for subscriptions of a prescribed number of ETF Units of the fund, representing, as applicable, brokerage expenses, commissions, transaction costs, costs or expenses related to market impact, and other costs or expenses that the fund incurs or expects to incur in purchasing gold bullion on the market with such cash proceeds.

“**CDS**” means CDS Clearing and Depository Services Inc.

“**CDS Participant**” means a participant in CDS that holds ETF Units of the fund on behalf of beneficial owners of ETF Units.

“**Class A Units**” means the Class A currency hedged units or the Class A non-currency hedged units of the fund, as applicable.

“**Class F Units**” means the Class F currency hedged units or the Class F non-currency hedged units of the fund, as applicable.

“**CRA**” Canada Revenue Agency.

“**Custodian**” means (a) Royal Canadian Mint for the fund’s physical gold bullion and (b) CIBC Mellon Trust Company for the fund’s assets other than physical gold bullion.

“**dealer**” means a registered dealer (that may or may not be a designated broker), that has entered into a dealer agreement with Purpose, pursuant to which the dealer may subscribe for ETF Units of the fund.

“**dealer agreement**” means an agreement between Purpose, on behalf of the fund, and a dealer, as amended from time to time.

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

“**designated broker**” means a registered dealer that has entered into a designated broker agreement with Purpose, on behalf of the fund pursuant to which the designated broker agrees to perform certain duties in relation to the ETF Units of the fund.

“**designated broker agreement**” means an agreement between Purpose, on behalf of the fund, and a designated broker, as amended from time to time.

“**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.

“**ETF Unit**” means an ETF currency hedged unit, ETF non-currency hedged unit and/or U.S. dollar denominated ETF non-currency hedged unit of the 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.

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

“**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.

“**London Good Delivery Bars**” means gold and silver bars that meet the standard measure of quality in gold bullion as set forth by the London Bullion Market Association.

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

“**management fee rebate**” means an amount equal to the difference between the management fee otherwise chargeable and a reduced fee determined by the Purpose, from time to time payable to certain unitholders of the fund who have signed an agreement with Purpose. Management fee rebates are reinvested in units unless otherwise requested.

“**Monthly Redemption**” has the meaning ascribed to that term under “Purchases, Switches and Redemptions – Redemptions – Mutual fund units – Monthly Redemptions”.

“**Monthly Redemption Date**” has the meaning ascribed to that term under “Purchases, Switches and Redemptions – Redemptions – Mutual fund units – Monthly Redemptions”.

“**mutual fund units**” means the Class A Units and/or the Class F Units of the fund.

“**NAV of the class**” and “**NAV per unit**” means the net asset value of the fund attributable to the class of units and the net asset value per unit of that class, calculated by the valuation agent.

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

“**Notice Date**” has the meaning ascribed to that term under “Purchases, Switches and Redemptions – Redemptions – Mutual fund units – Monthly Redemptions”.

“**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.

“**over-the-counter trading (OTC)**” means trading in stocks or options through a computer or telephone network rather than through a public stock exchange.

“**plan agent**” means TSX Trust Company, plan agent for the dividend reinvestment plan.

“**prescribed number of ETF Units**” means the number of ETF Units of the fund determined by Purpose from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes.

“**Registered Plans**” means collectively, trusts governed by RRSPs, RESPs, RRIFs, RDSPs, DPSPs and TFSAAs and “Registered Plan” means any one of them.

“**return of capital**” means the return of capital which occurs when the fund pays an amount to the unitholders that is part of the capital of the fund rather than being a distribution paid out of amounts earned by the fund.

“**DPSP**” means deferred profit sharing plan as defined in the Tax Act.

“**RDSP**” means registered disability savings plan as defined in the Tax Act.

“**RESP**” means registered education savings plan as defined in the Tax Act.

“**RRIF**” means registered retirement income fund as defined in the Tax Act.

“**RRSP**” means registered retirement savings plan as defined in the Tax Act.

“**SIFT Rules**” means the provisions of the Tax Act applicable to “SIFT trusts” and “SIFT partnerships” (as defined in the Tax Act).

“**Tax Act**” means the *Income Tax Act* (Canada), as now or hereafter amended, or successor statutes and includes all regulations promulgated thereunder.

“**TFSA**” means tax-free savings accounts as defined in the Tax Act.

“**trading day**” means a day on which: (i) a regular session of the TSX (or such other designated exchange on which the ETF Units of the fund may be listed from time to time) is held; (ii) the primary market or exchange for the majority of the assets held by the fund is open for trading; and (iii) if applicable, the index provider calculates and publishes data relating to the index.

“**treasury bills (T-bills)**” means short-term debt securities issued or guaranteed by federal, provincial or other governments. T-bills are issued at a discount and do not pay any interest. The return on a T-bill is the difference between the price you pay and its “face” or par value.

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

“**unit**” means an ETF Unit and/or mutual fund unit, as applicable.

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

“**valuation agent**” means the company appointed from time to time by Purpose to calculate the NAV and NAV per unit, initially, CIBC Mellon Global Securities Services Company.

“**valuation date**” means each trading day and any other day designated by Purpose on which the NAV of each class of units of the fund and the NAV unit of each such class 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 shares 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 trust, you are buying a portion of that 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.

Some mutual funds offer units in more than one class. A multi-class structure recognizes that different investors may seek the same investment objective, yet require different investment advice and/or service. Each class represents an investment in the same investment portfolio of each fund. However, each class may charge a different management fee and incur its own specific expenses. As a result, a separate NAV per unit is calculated for each class on a daily basis. See "Purchases, Switches and Redemptions – How the securities of the fund are valued" on page 15.

### **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 securityholder 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 7, 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 security will generally vary with the value of the assets it holds. Changes in interest rates, economic and stock market conditions or new company information, for example, may influence the value of gold bullion held by a mutual fund. When you redeem mutual fund securities, their value may be less than your original investment. Changes in rates and market conditions may also cause the value of the gold bullion held by a mutual fund to change from day to day.

### ***No guarantees***

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

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

Under exceptional circumstances, the fund may suspend redemptions. See “Purchases, Switches and Redemptions – When you may not be allowed to redeem your units” on page 25.

### **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 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 mutual fund also has specific risks. The description of the fund, starting on page 45, sets out the risks that apply to the fund. Set forth below, in alphabetical order, is a description of each of those risks.

### ***Absence of an active market for the ETF Units***

Although the ETF Units of the fund are listed on the Toronto Stock Exchange (the “TSX”) (or another designated exchange), there can be no assurance that an active public market for the ETF Units will develop or be sustained.

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

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 fund or by unitholders.

There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the Canadian Revenue Agency respecting the treatment of mutual fund trusts will

not be changed in a manner that adversely affects the fund or its unitholders. For example, changes to tax legislation or the administration thereof could affect the taxation of the fund.

### ***Commodity risk***

The fund provides exposure to gold bullion which has historically been more volatile than other markets, including the broader equity market.

### ***Concentration risk***

The fund will be invested at all times in gold bullion, cash and permitted gold certificates, if any. This may increase the liquidity risk of the fund which may, in turn, have an effect on the fund's ability to satisfy redemption requests. This may also result in the volatility of the NAV of the fund being relatively greater than that of a more broadly diversified portfolio. This may have a negative impact on the value of the units of the fund.

### ***Cyber Security Risk***

Cyber security 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 ("Cyber Security Incidents") can result from deliberate attacks or unintentional events and may arise from external or internal sources. Deliberate cyber 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 cyber 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 the fund from the occurrence of a Cyber Security 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. Cyber Security Incidents of the 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 Cyber Security Incidents.

The manager has established risk management systems designed to reduce the risks associated with cyber security. However, there is no guarantee that such efforts will succeed. Furthermore, the 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. The fund and its Unitholders could be negatively impacted as a result.

### ***Currency hedging risk (Class A currency hedged units, Class F currency hedged units and ETF units only)***

The fund will seek to hedge economic exposure to foreign currency by entering into currency forward transactions. The use of derivative instruments involves risks different from, and possibly greater than, the risks associated with investing directly in securities and other traditional investments. Risks associated with the use of derivatives include: (i) there is no guarantee that hedging to reduce risk will not result in a loss or that there will be a gain; (ii) there is no guarantee that a market will exist when the fund wants to complete or settle the derivative contract, which could prevent the fund from reducing a loss or making a profit; (iii) the fund could experience a loss if the other party to the derivative contract is unable to fulfill

its obligations; and (iv) if the fund has an open position in a forward contract with a dealer who goes bankrupt, the fund could experience a loss and, for an open forward contract, a loss of margin deposited with that dealer. The effectiveness of the fund's currency hedging strategies will in general be affected by the volatility of the Canadian dollar relative to the currencies to be hedged, as well as the volatility of the price of gold bullion. Increased volatility will generally reduce the effectiveness of the fund's currency hedging strategy. In addition, significant differences between Canadian dollar interest rates and foreign currency interest rates may affect the effectiveness of the currency hedging strategies employed by the fund. The currency hedging strategy of the fund may result in the units of the fund trading at a higher or lower value than the aggregate value of gold bullion equal to the NAV per unit of that class. As such, investing in the fund may not replicate the price of gold bullion.

The foreign currency exposure of the portion of the fund's portfolio attributable to the class A non-currency hedged units, class F non-currency hedged units, ETF non-currency hedged units and U.S. dollar denominated ETF non-currency hedged units will not be hedged back to the Canadian dollar. Investors who purchase the ETF non-currency hedged units of the Fund in Canadian dollars will be exposed to the return on an investment in Bullion as well as variations in the U.S. dollar/Canadian dollar exchange rate.

You may purchase Class A non-currency hedged units and Class F non-currency hedged units in U.S. dollars. U.S. dollar denominated units are offered only as a convenience for investors and do not act as a currency hedge between the Canadian dollar and the U.S. dollar.

#### ***Depletion of amount of bullion represented by each unit***

Each unit of the fund represents an equal, fractional, undivided ownership interest in the net assets of the fund. As the fund would not be expected to generate any net income and may be required to sell gold bullion over time on an as-needed basis to pay for ongoing expenses and to fund certain redemptions, the amount of gold bullion represented by each unit of the fund will and the NAV per unit may, gradually decline over time, irrespective of whether the trading price of the units of the fund rises or falls in response to changes in the price of gold. The continuous offering of units of the fund will not reverse this trend, as the amount of gold bullion acquired by the proceeds from such offering will proportionately reflect the amount of gold bullion represented by the units of the fund issued pursuant thereto.

#### ***Exchange risk***

In the event that a stock exchange on which the ETF Units are traded closes early or unexpectedly on any day that it is normally open for trading, unitholders will be unable to purchase or sell ETF Units on the stock exchange until it reopens and there is a possibility that, at the same time and for the same reason, the exchange and redemption of units may be suspended until the stock exchange reopens.

#### ***Exchange rate risk***

The units of each fund (other than U.S. dollar denominated units) are Canadian dollar denominated. Generally, a substantial portion of the foreign currency exposure with respect to the portion of the fund's portfolio allocable to the ETF units, the Class A currency hedged units and the Class F currency hedged units will be hedged back to the Canadian dollar in the manager's discretion. The effectiveness of the manager's currency hedging strategy will, in general, be affected by the volatility of the Canadian dollar relative to the currencies to be hedged. Increased volatility will generally reduce the effectiveness of the currency hedging strategy. The effectiveness of the manager's currency hedging strategy may also be affected by any significant difference between Canadian dollar interest rates and foreign currency interest rates.

In addition to U.S. dollar denominated ETF non-currency hedged units, Class A non-currency hedged units and Class F non-currency hedged units also offer units denominated in U.S. dollars. U.S. dollar denominated units are offered only as a convenience for investors and do not act as a currency hedge between the Canadian dollar and the U.S. dollar.

***Fineness and quality risk***

The fund's physical bullion custodian does not inspect the fineness or quality of the gold bullion that is delivered to it. There is no assurance as to the fineness or quality of the gold bullion delivered to the fund.

***Fluctuations in NAV and NAV per unit***

The NAV per unit will vary according to, among other things, the value of the gold bullion held by the fund. The manager and the fund have no control over the factors that affect the value of the assets held by the fund, including factors that affect the gold bullion market generally, such as general economic and political conditions and fluctuations in interest rates.

***Global geo-political event risk***

The possibility of large-scale distress sales of gold in times of crisis may have a short-term negative impact on the price of gold and may adversely affect an investment in the units of the fund.

***Lack of arbitrage transactions***

If the processes of creation and redemption of units of the fund encounters any unanticipated difficulties, potential market participants, such as broker-dealers and their customers, who would otherwise be willing to purchase or redeem units of the fund to take advantage of any arbitrage opportunity arising from discrepancies between the price of the units of the fund and the price of the underlying gold may not take the risk that, as a result of those difficulties, they may not be able to realize the profit they expect. If this is the case, the liquidity of the units of the fund may decline and the price of the fund may fluctuate independently of the price of gold and may fall or otherwise diverge from their net asset value.

***Liquidity risk***

If the fund is unable to dispose of some or all of the assets held by it, the fund may experience a delay in the receipt of the proceeds of disposition until such time as it is able to dispose of such assets or may be able to do so only at prices which may not reflect the fair value of such investments.

***Loss of bullion risk***

There is a risk that part or all of the fund's gold bullion could be lost, damaged or stolen, notwithstanding the handling of deliveries of gold bullion by, and storage of gold bullion in, the vaults of the custodian. Also, access to the fund's gold bullion could be restricted by natural events or human actions. Any of these events may adversely affect the assets of the fund and, consequently, an investment in the units of the fund.

***Precious metals risk***

The fund may be subject to a number of risks specific to precious metals, such as: (i) changes in industrial, government and consumer demand, including industrial and jewelry demand and the degree to which governments, corporate and financial institutions and consumers hold precious metals, such as

physical gold, as a safe haven asset, which may be affected by the structure of and confidence in the global monetary system or a rapid change in the value of other assets; (ii) disruptions in the supply chain, from mining to storage to smelting or refining; (iii) adjustments to inventories; (iv) variations in production costs, including storage, labour and energy costs; (v) costs associated with regulatory compliance, including environmental regulations; (vi) interest rates and borrowing and lending rates relating to precious metals; (vii) currency exchange rates, including the relative strength of, and confidence in, exchange rates relating to currencies in which precious metals prices are quoted; and (viii) levels of economic growth and inflation. These factors interrelate in complex ways, and the effect of one factor on the fund and the value of its units may increase or reduce the effect of another factor.

### ***Reliance on the manager risk***

Unitholders will be dependent on the ability of the manager to effectively manage the fund in a manner consistent with the investment objectives, investment strategies and investment restrictions of the fund. There is no certainty that the individuals who are principally responsible for providing management and administration services, as applicable, to the fund will continue to be employed by the manager.

### ***Risks relating to investments in gold bullion***

Direct purchases of physical gold bullion by the fund may generate higher transaction and custody costs than other types of investments, which may affect the performance of the fund.

### ***Risk of Volatile Markets and Market Disruption Risk***

The securities markets have in recent years been characterized by significant volatility and unpredictability. In addition, unexpected and unpredictable events such as war and occupation, a widespread health crisis or global pandemic, terrorism and related geopolitical risks may lead to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally. For example, in December 2019, a novel strain of coronavirus was reported to have surfaced in China, which has and is continuing to spread throughout China and other parts of the world, including Canada, the United States, Europe and the U.K. On January 30, 2020, the World Health Organization declared the outbreak of the coronavirus disease (COVID-19) a “Public Health Emergency of International Concern” and on March 11, 2020 the World Health Organization characterized the outbreak as a “pandemic”.

The outbreak has resulted in governments worldwide, including in Canada and the United States, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally, resulting in an economic slowdown. Global financial markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of government and central bank interventions. In addition, no assurance can be given that these programs will continue or that if they continue, will be successful or, that the global economy will not be adversely affected in the long term including as a result of these programs.

The impact of coronavirus disease, as well as other unexpected disruptive events, may cause market volatility and could have effects that cannot necessarily be foreseen at the present time. These events could also adversely affect the fund’s performance and may lead to losses on your investment in the fund.

### *Sales of gold by the official sector*

Substantial sales of gold by the official sector could adversely affect an investment in units of the fund. The official sector consists of central banks, other governmental agencies and multi-lateral institutions that buy, sell and hold gold as part of their reserve assets. The official sector holds a significant amount of gold, some of which is static, meaning that it is not available in the open market. In the event that future economic, political or social conditions or pressures require the official sector to liquidate their gold assets all at once or in an uncoordinated manner, the demand for gold may not be sufficient to accommodate the sudden increase in the supply of gold to the market. Consequently, the price of gold may decline, which may adversely affect an investment in the fund.

### *Tax risk*

If the fund were to cease 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.

Under the SIFT Rules, trusts or partnerships (defined as “SIFT trusts” and “SIFT partnerships”, respectively), the securities of which are listed or traded on a stock exchange or other public market and that hold one or more “non-portfolio properties” (as defined), are effectively taxed on income and capital gains in respect of such non-portfolio properties at combined rates comparable to the rates that apply to income earned and distributed by Canadian corporations. Distributions of such income received by unitholders of SIFT trusts (and allocations of such income made to members of SIFT partnerships) are treated as eligible dividends from a taxable Canadian corporation.

The fund has been created to provide unitholders with an exposure to gold bullion in accordance with the investment strategy of the fund. The fund is subject to investment restrictions intended to ensure that it will not be a SIFT trust (as defined in the Tax Act). If the fund were to qualify as a SIFT trust, the income tax considerations described under “Income Tax Considerations for Investors” would be materially and adversely different in certain respects. Particularly in circumstances where the fund realizes net gains upon settlement of currency hedging contracts in a taxation year which are unsheltered by any loss carryforwards from prior taxation years, the fund will distribute net income and net realized gains through a payment of reinvested distributions. The amount of such income or taxable portion of such capital gains thus distributed by the fund will be included in the income of its unitholders and subject to tax despite the absence of any cash distribution from the fund to fund the resulting tax liability of the unitholders.

In determining its income for tax purposes, the fund will treat gains (or losses) as a result of any disposition of gold bullion as capital gains (or capital losses) or, depending on the circumstances, include the full amount in (or deduct the full amount from) income. The CRA has expressed the opinion that gains (or losses) of mutual fund trusts resulting from transactions in commodities should generally be treated for tax purposes as ordinary income rather than as capital gains, although the treatment in each particular case remains a question of fact to be determined having regard to all the circumstances.

If any transactions of the fund, including currency forward agreements, are reported on capital account but subsequently determined to be on income account, the net income of the fund for tax purposes and the taxable component of distributions to unitholders could increase. Any such redetermination by the CRA may result in the fund being liable for taxes, including unremitted withholding taxes on prior distributions made to unitholders who were not resident in Canada for purposes of the Tax Act at the time of the distribution. Such potential liability may reduce the NAV of the units, NAV per unit and/or the trading prices of the units.

Rules in the Tax Act that apply to “loss restriction events” (as defined in the Tax Act) of certain trusts (the “LRE Rules”) may have an impact on the fund in certain circumstances. Generally, unless the fund qualifies for an exemption from the LRE Rules, the fund will have a “loss restriction event” if any person, either alone or 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 the fund having a fair market value that is greater than 50% of the fair market value of all the units of the fund. Upon the occurrence of a “loss restriction event”, the fund would have a deemed year-end resulting generally in a short taxation year, any undistributed income and realized capital gains (net of any applicable losses) would be expected to be made payable as a distribution on the units of the fund held by unitholders of record of the fund on the record date for such distribution (which generally would be expected to be the last trading day in such short taxation year) and the fund would be restricted in its ability to use tax losses (including any unrealized capital losses) that exist at the time of the “loss restriction event”.

### ***Trading price of ETF Units***

ETF Units may trade in the market at a premium or discount to the NAV per Unit. There can be no assurance that the ETF Units will trade at prices that reflect their NAV. The trading price of the ETF Units will fluctuate in accordance with changes in the fund’s NAV, as well as market supply and demand on the TSX (or such other designated exchange on which the ETF Units may be traded from time to time). However, given that generally only a prescribed number of ETF Units are issued to designated brokers and dealers, and that holders of a prescribed number of ETF Units (or an integral multiple thereof) may redeem such ETF Units at their NAV, Purpose believes that large discounts or premiums to the NAV of the ETF Units should not be sustained.

### ***Uninsured loss risk***

The fund does not insure its gold bullion. Gold bullion owned by the fund is stored in the vaults of the Royal Canadian Mint once it is delivered to the Royal Canadian Mint. Royal Canadian Mint maintains insurance as Royal Canadian Mint deems appropriate against all risks of physical loss or damage except the risk of war, nuclear incident, terrorism events or government confiscation. The fund is not a direct beneficiary of any such insurance maintained by Royal Canadian Mint and does not have the ability to dictate the existence, nature or amount of coverage. There can be no assurance that such insurance is sufficient to cover any losses that may be suffered by Royal Canadian Mint or the fund.

### ***Withdrawal from participation of broker-dealers***

In the event that one or more broker-dealers that have substantial interests in units of the fund withdraw from participation, the liquidity of the units of the fund will likely decrease which could adversely affect the market price of the units and result in unitholders incurring a loss on their investment.

## ORGANIZATION AND MANAGEMENT OF THE FUND

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

**Manager:** Purpose is the manager, portfolio manager and promoter of the fund. Purpose Investments Inc. Purpose manages the day-to-day business and operations of the fund, 130 Adelaide Street West provides all general management and administrative services. Suite 3100 P.O. Box 109 Toronto, Ontario M5H 3P5

### **Custodian:**

Royal Canadian Mint Royal Canadian Mint acts as the fund's custodian in respect of the fund's physical gold bullion. Ottawa, Ontario

CIBC Mellon Trust Company CIBC Mellon Trust Company acts as the fund's custodian for all assets Toronto, Ontario of the fund other than the fund's physical gold bullion.

**Registrar and Transfer Agent of the mutual fund units:** CIBC Mellon Global Securities Services Company, at its principal office in Toronto, Ontario, is the registrar and transfer agent for the mutual fund units. The register for the fund's mutual fund units is kept in Toronto.

**Registrar and Transfer Agent and Plan Agent of the ETF Units:** TSX Trust Company, at its principal offices in Toronto, Ontario, is the registrar and transfer agent and dividend reinvestment plan agent for the ETF Units. The register for the ETF Units of the fund is kept in Toronto.

**Auditor:** As auditors, Ernst & Young LLP, Chartered Professional Accountants, Licensed Public Accountants, annually audit the financial statements of the fund to determine whether they fairly present, in all material respects, the fund's financial position, results of operations and changes in net assets in accordance with International Financial Reporting Standards. Ernst & Young LLP is independent of the fund in accordance with the rules of professional conduct of the Chartered Professional Accountants of Ontario. Ernst & Young LLP Toronto, Ontario

**Independent Review Committee:** Under Canadian securities laws, the fund is 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 fund 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 fund as well as other funds managed by Purpose. The IRC also provides advice to Purpose on other issues relating to the management of the fund and other funds managed

by Purpose.

The IRC prepares, at least annually, a report for unitholders 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 fund's annual information form.

## **PURCHASES, SWITCHES AND REDEMPTIONS**

You can buy the fund or sell your mutual fund units through a qualified financial advisor or broker. You can convert ETF Units of the fund to ETF Unit of another fund managed by Purpose through a registered broker or dealer. You cannot transfer or convert mutual fund units of the fund for ETF Units or ETF Units of the fund for mutual fund units of a class.

You can sell your fund investment by contacting your financial advisor. Selling may also be known as "redeeming". ETF Units may be sold over the stock exchange for the price then available in the market.

Whether you are buying or selling your fund directly with the fund, we base the transaction on the price of a fund 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 fund are valued" on page 15.

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

The fund's units are 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 purchases of mutual fund units are based on the class NAV per unit ("unit value"). We usually calculate the unit value for each class of the fund on each business day after the TSX closes, but in some circumstances, we may calculate it at another time. A business day is any day on which a regular session of the TSX is held. The NAVs can change daily. A separate NAV is calculated for each class of units. See "Purchases, Switches and Redemptions – Issuance of ETF Units" for information regarding the purchase of ETF Units.

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

The NAV of each class of the fund is calculated as follows:

- (a) First, we determine the fair value of all of the investments and other assets allocated to a class.
- (b) Second, we subtract the liabilities allocated to that class from the fair value of such class. The difference between the fair value of the assets and the liabilities expressed in Canadian dollars at the applicable exchange rate on such date of a class is the NAV for that class.

- (c) Lastly, we divide the NAV for a class by the total number of units of that class that investors in the fund are holding, which gives us the NAV 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 30 for more details.

You can determine the worth of your investment in the fund by multiplying the NAV of the class of units you own 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 the 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 and administration fee. The difference in fund costs, management fees and administration fees between each class means that each class has a different NAV per unit.

You may obtain the NAV of the respective class of 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**

It is up to you or your investment professional, if applicable, to determine which class is appropriate for you. Different classes may have different minimum investment levels and may require you to pay different fees. The choice of different purchase options requires you to pay different fees and expenses and affects the amount of compensation received by your dealer. See "Fees and expenses" on page 30 and "Dealer compensation" on page 35.

### **Issuance of mutual fund units**

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

Class A Units are available to all investors through authorized dealers. Class A Units are Canadian dollar denominated. Class A non-currency hedged 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 dealer. The manager has designed the Class F Units to offer investors an alternative means of paying their dealer for investment advice and other services. Instead of paying sales charges, investors buying Class F Units pay fees to their dealer for investment advice and other services. The manager does not pay any commissions to dealers in respect of the Class F Units which allows it to charge a lower management fee. Class F Units purchased in Canadian dollars are Canadian dollar denominated. Class F non-currency hedged units purchased in U.S. dollars are U.S. dollar denominated.

If a unitholder ceases to be eligible to hold Class F Units of the fund, the manager may switch such unitholder's Class F Units into Class A Units 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 mutual fund units of the fund requires unitholders to invest and maintain a minimum balance. The table below outlines the minimums along with the minimum requirements for additional investments, pre-authorized purchase plans and redemptions of mutual fund units. See “Optional services” on page 27.

Class	Minimum Balance <sup>(1)(2)</sup>	Minimum Additional Investments/ Pre-authorized purchase plans/Redemptions <sup>(1)(2)</sup>
A.....	\$5,000	\$100
F.....	\$5,000	\$100

### Notes:

- (1) Investors purchasing through dealers may be subject to higher minimum initial or additional investment/redemption amounts.
- (2) Minimums are per transaction and are in Canadian and U.S. dollars, as applicable.
- (3) For information on the minimum requirements in connection with Monthly Redemptions see “Purchases, Switches and Redemptions – Redemptions – Mutual fund units – Monthly Redemptions”.

## Mutual fund units

If your balance falls below the minimum required balance for a class or you otherwise become ineligible to hold a class, we may redeem or switch your units. 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 the fund or other unitholders of the fund. We may redeem your units 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 or switch 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, redeem or switch units the branch, telephone salesperson or dealer 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. A separate NAV is calculated for each class of units. If we receive your order after the order cut-off time, your order will be processed using the next business day’s NAV. If the manager determines that the NAV will be calculated at a time other than after the usual closing time of the TSX, the NAV 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 of the fund in the fund’s annual information form. A dealer may establish earlier order cut-off times. Check with your dealer for details.

You have to pay for your units when you buy them. If we do not receive payment in full, we will cancel your order and redeem the units, including any units acquired through a switch. 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. Your 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 or switch units. We must do so within one business day from the time we receive the order. If we refuse your order to buy or switch, we will immediately return any monies we received with your order.**

### **Issuance of ETF Units**

ETF units, ETF non-currency hedged units and U.S. dollar denominated ETF non-currency hedged units are available to all investors. Generally, a substantial portion of the exposure that the portion of the fund's portfolio allocable to the ETF units has to foreign currencies will be hedged back to the Canadian dollar. Any exposure that the portion of the fund's portfolio allocable to the ETF non-currency hedged units and U.S. dollar denominated ETF non-currency hedged units has to foreign currencies will not be hedged back to the Canadian dollar. ETF units and ETF non-currency hedged units are Canadian dollar denominated. U.S. dollar denominated ETF non-currency hedged units are U.S. dollar denominated.

The ETF units, ETF non-currency hedged units and U.S. dollar denominated ETF non-currency hedged units of the fund are listed on the TSX and offered on a continuous basis, and an investor will be able to buy or sell such ETF Units on the TSX through registered brokers and dealers in the Province or Territory where the investor resides. Investors will incur customary brokerage commissions in buying or selling the ETF Units. The ETF Units are being issued and sold on a continuous basis and there is no maximum number of ETF Units that may be issued. The ETF units and ETF non-currency hedged units of the fund are Canadian dollar denominated. The U.S. dollar denominated ETF non-currency hedged units of the fund are U.S. dollar denominated.

All orders to purchase ETF Units directly from the fund must be placed by designated brokers or dealers. The fund reserves the absolute right to reject any subscription order placed by a designated broker or dealer. No fees will be payable by the fund to a designated broker or dealer in connection with the issuance of ETF Units. On the issuance of ETF Units, Purpose may, in its discretion, charge an administrative fee to a designated broker or dealer to offset the expenses (including any applicable additional listing fees) incurred in issuing the ETF Units. There is no minimum investment required for ETF Units of the fund.

Purpose, on behalf of the fund, has entered or will enter, as the case may be, into a designated broker agreement with a designated broker pursuant to which the designated broker agrees, or will agree, to perform certain duties relating to the ETF Units of the fund including, without limitation: (i) to subscribe for a sufficient number of ETF Units to satisfy the TSX's (or such other designated exchange on which the ETF Units of the fund may be listed from time to time) original listing requirements; (ii) to subscribe for ETF Units on an ongoing basis in connection with the rebalancing of and adjustments to the portfolio of the fund; and (iii) to post a liquid two-way market for the trading of ETF Units on the TSX (or such other designated exchange on which the ETF Units of the fund may be listed from time to time). Purpose may, in its discretion from time to time, reimburse any designated broker for certain expenses incurred by the designated broker in performing these duties.

The designated broker agreement provides that Purpose may from time to time require the designated broker to subscribe for ETF Units of the fund for cash in a dollar amount not to exceed 0.30% of the NAV of the ETF Units of the fund per quarter. The number of ETF Units issued will be the subscription amount divided by the NAV per ETF Unit next determined following the delivery by Purpose of a subscription notice to the designated broker. Payment for the ETF Units must be made by the designated broker, and the ETF Units will be issued, by no later than the second trading day after the subscription notice has been delivered.

On any trading day, a designated broker or dealer may place a subscription order for the prescribed number of ETF Units (or an integral multiple thereof) of the fund. If a subscription order is received by the fund by 9:00 a.m. (Toronto time) on a trading day (or such later time on such trading day as Purpose may permit), the fund will issue to the designated broker or dealer the prescribed number of ETF Units (or an integral multiple thereof) by no later than the second trading day following the effective date of the subscription order or on such other day as mutually agreed between Purpose and the designated broker or dealer, provided that payment for such ETF Units has been received.

For each prescribed number of ETF Units issued, a designated broker or dealer must deliver payment consisting of, in Purpose's discretion: (i) a basket and cash in an amount sufficient so that the value of the gold bullion and the cash received is equal to the NAV of the ETF Units of the fund next determined following the receipt of the subscription order and Cash Subscription Fee if applicable; (ii) cash in an amount equal to the NAV of the ETF Units of the fund next determined following the receipt of the subscription order and Cash Subscription Fee, if applicable.

Purpose may, in its discretion, increase or decrease the prescribed number of ETF Units from time to time.

ETF Units may be issued by the fund to designated brokers in connection with the rebalancing of and adjustments to the fund or its portfolio when cash redemptions of ETF Units occur. See "Purchases, Switches and Redemptions – Redemptions – ETF Units" on page 23.

### **Short-term trading**

#### ***Mutual fund units***

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

Some investors may seek to trade fund units frequently in an effort to benefit from differences between the value of the fund's units and the value of the fund's assets ("market timing"). Frequent trading in order to time the market or otherwise can negatively impact the value of the fund to the detriment of other unitholders. Excessive short-term trading can also reduce the 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 fund, including:

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

#### ***ETF Units***

At the present time, we are of the view that it is not necessary to impose any short-term trading restrictions on the fund as the ETF Units are generally traded by investors on an exchange in the secondary market in the same way as other listed securities. In the few situations where ETF Units are not purchased in the secondary market, purchases usually involve a designated broker or a dealer upon whom Purpose may impose a subscription or redemption fee, which is intended to compensate the fund for any costs and expenses incurred in relation to the trade.

### *Short-term trading fees for mutual fund units*

If you redeem or switch mutual fund units 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 32. 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.

Fees charged will be paid directly to the 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 a mutual fund where redemption notice requirements have been established by Purpose.

### *Monitoring of trading activity*

We regularly monitor transactions in all of the funds managed by Purpose. We have established criteria for each fund that we apply fairly and consistently in an effort to eliminate trading activity that we deem potentially detrimental to long-term securityholders. We have the right to restrict or reject any purchase or switch order without any prior notice, including transactions accepted by your dealer.

Generally speaking, your trading may be considered excessive if you sell or switch 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 or switch. **Whether your trading is considered excessive will be determined by Purpose in its sole discretion.**

### **Purchases**

The fund has an unlimited number of classes of units and may issue an unlimited number of units of each class. See “Purchases, Switches and Redemptions – How to buy and redeem” on page 16.

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 the fund’s administration records. However, the assets of all classes of the fund are combined in a single pool to create one portfolio for investment purposes.

When you buy mutual fund units of the fund the price you pay is the NAV of those units. Each class of units has a separate NAV (in Canadian or U.S. dollars, as applicable) See “Purchases, Switches and Redemptions – How the securities of the fund are valued” on page 15. See “Purchases, Switches and Redemptions – Issuance of ETF Units” for information regarding the purchase of ETF Units.

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.

We may limit or “cap” the size of the fund by restricting new purchases. We will continue redemptions and the calculation of the fund’s NAV for each class of units. We may subsequently decide to start accepting new purchases of the fund at any time

### **Switches**

Unitholders may not switch ETF Units or mutual fund units of the fund for ETF shares or mutual fund shares of any corporate class managed by Purpose.

Holders of mutual fund units of the fund may convert units of any class into units of any other class of the fund.

### **Redemptions**

#### ***Mutual fund units (other than Monthly Redemptions)***

You can sell some or all of your mutual fund units at any time. This is called a redemption. Redemptions will only be permitted in certain minimum amounts. See “Purchases, Switches and Redemptions – How to buy and redeem” on page 16 for details. Your dealer must send your redemption request on the same day it is received. The dealer must assume all associated costs. Redemption requests for the 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. 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 NAV at a time other than after the usual closing time of the TSX, the NAV value received will be determined relative to that time. Note that your dealer may establish an earlier cut-off time.

The Tax Act requires that all amounts including capital gains and losses be reported in Canadian dollars. As a result, if you bought and redeemed units under the U.S. dollar option, you need to calculate gains or losses based on the Canadian dollar value of your units when they were purchased and when they were sold. In addition, although distributions will be made in U.S. dollars, they must be reported in Canadian dollars for Canadian tax purposes. Consequently, all investment income will be reported to you in Canadian dollars for income tax purposes. You may want to consult your tax advisor regarding this.

Redemption requests for mutual fund units must be for an amount of at least \$1,000 (unless the account balance is less than \$1,000). If your balance falls below the minimum required balance for a particular class or you otherwise become ineligible to hold the fund or class we may redeem your units.

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 your dealer has received all documentation. Your dealer 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 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, your dealer must pay the difference and any related costs. Your dealer may require you to reimburse the amount paid if the dealer suffers a loss.

If you redeem units of the fund, 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 of the fund.** If you hold your fund in a Registered Plan, tax may apply if you withdraw money from the plan.

### ***Mutual fund units – Monthly Redemptions***

In addition to the redemption rights described above, you may also redeem some or all of your mutual fund units on the last business day of each month (each, a “Monthly Redemption Date”) in exchange for physical gold bullion in an amount equal to the NAV per unit on the Monthly Redemption Date (a “Monthly Redemption”).

Your dealer must send your redemption request in the form prescribed by the manager from time to time on or before the 10<sup>th</sup> day of the month (or the next business day if the 10<sup>th</sup> day falls on a day which is not a business day) prior to the applicable Monthly Redemption Date (each, a “Notice Date”). The dealer must assume all associated costs. Redemption requests for the fund are processed in the order in which they are received. We will not process redemption requests in connection with a Monthly Redemption specifying a specific price.

Redemption orders which are received by Purpose in a good form before 4:00 p.m. (Toronto time) or such other order cut-off time as specified by Purpose on any Notice Date will be priced using the NAV as of the applicable Monthly Redemption Date. 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 Notice Date will be effective as of the next Monthly Redemption Date. Note that your dealer may establish an earlier cut-off time.

Redemption requests for a Monthly Redemption must be for physical gold bullion in amount equal to at least the equivalent in value to 1,000 grams international bar or an integral multiple thereof, plus applicable expenses. Any fractional amount of redemption proceeds in excess of a 1,000 grams international bar or an integral multiple thereof will be paid in cash.

A unitholder redeeming mutual fund units for physical gold bullion will be responsible for all expenses incurred by the fund in connection with such redemption and applicable delivery expenses, including the handling of the notice of redemption, the delivery of the physical gold bullion for mutual fund units that are being redeemed and the applicable fees charged by the fund’s custodian, including but not limited to gold storage in-and-out fees, transfer fees, pallet repackaging fees and pallet banding fees. Neither the fund nor the manager will have any liability for the physical gold bullion delivered to a unitholder in connection with a Monthly Redemption once it leaves the premises of the Custodian and the fund and the manager shall have no responsibility or liability for such physical gold bullion once the Custodian is no longer holding such physical gold bullion being delivered.

Within ten business days following each Monthly Redemption Date, we will deliver to each unitholder who has requested a Monthly Redemption, physical gold bullion equal to the value of the units redeemed

on the Monthly Redemption Date determined on the Monthly Redemption Date. Payments will be considered made upon delivery of the redemption proceeds to the location specified by the unitholder in the redemption notice.

Your redemption transaction will not be processed until your dealer has received all documentation with respect to such redemption. Your dealer 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 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, your dealer must pay the difference and any related costs. Your dealer may require you to reimburse the amount paid if the dealer suffers a loss.

**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 of the fund.** If you hold your fund in a Registered Plan, tax may apply if you withdraw money from the plan.

#### ***ETF Units (other than Monthly Redemptions)***

On any trading day, holders of ETF Units may redeem ETF Units of the fund for cash at a redemption price per ETF Unit equal to the lesser of (a) 95% of the market price of the ETF Units, on the effective date of redemption and (b) the NAV per ETF Unit. “Market price” means the weighted average trading price of the ETF Units on the Canadian marketplaces on which the ETF Units have traded on the effective date of the redemption. Because holders of ETF Units will generally be able to sell ETF Units at the market price on the TSX (or such other designated exchange on which the ETF Units of the fund may be listed from time to time) through a registered broker or dealer subject only to customary brokerage commissions, holders of ETF Units are advised to consult their brokers, dealers or investment advisors before redeeming their ETF Units for cash.

In order for a cash redemption to be effective on a trading day, a cash redemption request in the form prescribed by Purpose from time to time must be delivered to Purpose at its registered office by 9:00 a.m. (Toronto time) on the trading day (or such later time on such trading day as Purpose may permit). If a cash redemption request is not received by the delivery deadline noted immediately above on a trading day, the cash redemption request will be effective on the next trading day. Payment of the redemption price will be made by no later than the second trading day after the effective day of the redemption. Cash redemption request forms may be obtained from your registered broker or dealer.

Unitholders that redeem ETF Units prior to the ex-dividend date for the record date for any dividend will not be entitled to receive that dividend.

#### ***ETF Units – Monthly Redemptions***

In addition to the redemption rights described above, holders of ETF Units may redeem ETF Units of the fund on a Monthly Redemption Date for physical gold bullion equal to the NAV per ETF Unit on the applicable Monthly Redemption Date.

In order for a Monthly Redemption to be effective on a Monthly Redemption Date, a redemption request in the form prescribed by the manager from time to time must be delivered to Purpose at its registered office by 9:00 a.m. (Toronto time) on the Notice Date immediately prior to the Monthly Redemption Date (or such later time on such trading day as Purpose may permit). If a redemption request is not received by the delivery deadline noted immediately above, the redemption request will be effective on the next Monthly Redemption Date. Within ten business days following each Monthly Redemption Date, we will

deliver to each unitholder who has requested a Monthly Redemption, physical gold bullion equal to the value of the units redeemed on the Monthly Redemption Date determined on the Monthly Redemption Date. Payments will be considered made upon delivery of the redemption proceeds to the location specified by the unitholder in the redemption notice.

Redemption requests for a Monthly Redemption must be for physical gold bullion in amount equal to at least the equivalent in value to 1,000 grams international bar or an integral multiple thereof, plus applicable expenses. Any fractional amount of redemption proceeds in excess of a 1,000 grams international bar or an integral multiple thereof will be paid in cash.

A unitholder redeeming ETF Units for physical gold bullion will be responsible for all expenses incurred by the fund in connection with such redemption and applicable delivery expenses, including the handling of the notice of redemption, the delivery of the physical gold bullion for ETF Units that are being redeemed and the applicable fees charged by the fund's custodian, including but not limited to gold storage in-and-out fees, transfer fees, pallet repackaging fees and pallet banding fees.

Unitholders that redeem ETF Units prior to the ex-dividend date for the record date for any dividend will not be entitled to receive that dividend.

#### *Exchange of ETF Units for baskets*

On any trading day, unitholders may exchange the prescribed number of ETF Units (or an integral multiple thereof) for baskets and cash.

To effect an exchange of ETF Units a unitholder must submit an exchange request in the form prescribed by the manager from time to time to the manager at its registered office by 9:00 a.m. (Toronto time) on a trading day (or such later time on such Trading Day as the manager may permit). The exchange redemption request forms may be obtained from any registered broker or dealer. The exchange price will be equal to the NAV of the units being exchanged on the effective day of the exchange request, payable by delivery of baskets and cash less, if applicable a Cash Exchange Fee. The units will be redeemed in the exchange.

If an exchange request is not received by the submission deadline noted immediately above on a trading day, the exchange order will be effective on the next trading day. Settlement of exchanges for a basket and/or cash will be made by no later than the second trading day after the effective day of the exchange request.

Holders of units should be aware that the NAV per ETF Unit will decline by the amount of the distribution on the ex-distribution date, which is usually two trading days prior to the distribution record date. A unitholder that is no longer a holder of record on the applicable distribution record date will not be entitled to receive that distribution.

#### *Costs associated with exchange and redemption (other than Monthly Redemptions)*

Purpose may charge to a holder of ETF Units, in its discretion, an ETF Unit administrative fee of up to 2% of the exchange or redemption proceeds of the fund to offset certain transaction costs associated with the exchange or redemption of ETF Units of the fund.

### *Exchange and redemption of ETF Units through CDS Participants*

The exchange and redemption rights described above must be exercised through the CDS Participant through which the holder of ETF Units holds its ETF Units. Beneficial owners of ETF Units should ensure that they provide exchange and/or redemption instructions to the CDS Participants through which they hold ETF Units sufficiently in advance of the cut-off times described above to allow such CDS Participants to notify CDS and for CDS to notify us prior to the relevant cut-off time.

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

Under extraordinary circumstances, you may not be allowed to redeem your units. We may suspend your right to redeem:

- (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 shares and units.

### *Special considerations for holders of ETF Units*

The provisions of the “early warning” requirements set out in Canadian securities legislation do not apply in connection with the acquisition of ETF Units. The fund obtained exemptive relief from the securities regulatory authorities to permit holders of ETF Units to acquire more than 20% of the ETF Units of the fund through purchases on the TSX (or such other designated exchange on which the ETF Units of the fund may be listed from time to time) without regard to the take-over bid requirements of Canadian securities legislation, provided that any such holder, and any person acting jointly or in concert with the holder, undertakes to the manager not to vote more than 20% of the ETF Units of the fund at any meeting of unitholder.

### **Non-resident unitholders**

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 the 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 the 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 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 fund as a mutual fund trust for purposes of the Tax Act.

### **International information reporting**

Due diligence and reporting obligations in the Tax Act have been enacted to implement the Canada-United States Enhanced Tax Information Exchange Agreement. Dealers through which unitholders hold their units are subject to due diligence and reporting obligations with respect to financial accounts they maintain for their clients. Unitholders, or their controlling person(s), may be requested to provide information to their dealer to identify U.S. persons holding units. If a unitholder, or their controlling person(s), is a “Specified U.S. Person” (including a U.S. citizen who is a resident of Canada) or if a unitholder does not provide the requested information, Part XVIII of the Tax Act will generally require information about the unitholder’s investments held in the financial account maintained by the dealer to be reported to the CRA, unless the investments are held within a Registered Plan. The CRA is required to provide that information to the U.S. Internal Revenue Service.

Reporting obligations in the Tax Act have been enacted to implement the Organization for Economic Co-operation and Development Common Reporting Standard (the “CRS Rules”). Pursuant to the CRS Rules, Canadian financial institutions are required to have procedures in place to identify accounts held by residents of foreign countries (other than the U.S.) (“Reportable Jurisdictions”) or by certain entities any of whose “controlling persons” are residents of Reportable Jurisdictions. The CRS Rules provide that Canadian financial institutions must report certain account information and other personal identifying details of unitholders (and, if applicable, of such controlling persons) who are residents of Reportable Jurisdictions to the CRA annually. Such information would generally be exchanged by the CRA on a reciprocal, bilateral basis with Reportable Jurisdictions in which the account holders or such controlling persons are resident under the provisions and safeguards of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters or the relevant bilateral tax treaty. Under the CRS Rules, unitholders will be required to provide such information regarding their investment in the fund to their dealer for the purpose of such information exchange, unless the investment is held within a Registered Plan.

### **Registration and transfer through CDS – ETF Units**

Registration of interests in, and transfers of, ETF Units, will be made only through CDS. ETF Units must be purchased, transferred and surrendered for exchange or redemption only through a CDS Participant. All rights of an owner of ETF Units must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds such ETF Units. Upon purchase of any ETF Units the owner will receive only the customary confirmation; physical certificates evidencing your ownership will not be issued. References in this prospectus to a holder of ETF Units mean, unless the context otherwise requires, the beneficial owner of such ETF Units.

Neither the fund nor the manager will have any liability for: (i) records maintained by CDS relating to the beneficial interests in the ETF Units or the book entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (iii) any advice or representation made or given by CDS and made or given with respect to the rules and regulations of CDS or any action taken by CDS or at the direction of the CDS Participants.

The ability of a beneficial owner of ETF Units to pledge such ETF Units or otherwise take action with respect to such owner's interest in such ETF Units (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

The fund has the option to terminate registration of the ETF Units through the book-based system in which case certificates for ETF Units in fully registered form will be issued to beneficial owners of such ETF Units to their nominees.

## **OPTIONAL SERVICES**

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

### **Distribution reinvestment plan**

#### ***Mutual fund units***

The fund may earn income from its investments. It may also realize capital gains when investments are sold at a profit. The 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 mutual fund units of the fund are automatically reinvested in additional mutual fund units. Holders of mutual fund units who wish to receive cash as of a particular distribution record date should speak with their broker, dealer or investment advisor for details.

#### ***ETF Units***

The fund has adopted a reinvestment plan, which provides that a holder of ETF Units (an "ETF plan participant") may elect to automatically reinvest all dividends paid on the ETF Units held by that ETF plan participant in additional ETF Units ("ETF plan securities") of the fund in accordance with the terms of the reinvestment plan and the distribution reinvestment agency agreement between Purpose, on behalf of the fund, and the plan agent, as may be amended. The key terms of the reinvestment plan are as described below.

Holders of ETF Units who are not residents of Canada may not participate in the reinvestment plan and any holder of ETF Units who ceases to be a resident of Canada will be required to terminate its participation in the reinvestment plan. No fund will be required to purchase ETF plan securities if such purchase would be illegal.

A holder of ETF Units who wishes to enrol in the reinvestment plan as of a distribution record date should notify the CDS Participant through which the holder holds its ETF Units sufficiently in advance of that distribution record date to allow such CDS Participant to notify CDS by 4:00 p.m. (Toronto time) on the distribution record date.

Distributions that ETF plan participants are due to receive will be used to purchase ETF plan securities on behalf of such ETF plan participants in the market.

No fractional ETF plan securities will be purchased under the reinvestment plan. Any funds remaining after the purchase of whole ETF plan securities will be credited to the plan participant via its CDS Participant in lieu of fractional ETF plan securities.

The automatic reinvestment of the distributions under the reinvestment plan will not relieve ETF plan participants of any income tax applicable to such distributions. See “Income Tax Considerations for Investors” on page 37.

ETF plan participants may voluntarily terminate their participation in the reinvestment plan as of a particular distribution record date by notifying their CDS Participant sufficiently in advance of that distribution record date. ETF plan participants should contact their CDS Participant to obtain details of the appropriate procedures for terminating their participation in the reinvestment plan. Beginning on the first distribution payment date after such notice is received from an ETF plan participant and accepted by a CDS Participant, distributions to such ETF plan participant will be made in cash. Any expenses associated with the preparation and delivery of such termination notice will be borne by the ETF plan participant exercising its right to terminate participation in the reinvestment plan. Purpose may terminate the reinvestment plan, in its sole discretion, upon not less than 30 days’ notice to: (i) the CDS Participants through which the ETF plan participants hold their ETF Units; (ii) the plan agent; and (iii) if necessary, the TSX (or such other designated exchange on which the ETF Units of the fund may be listed from time to time).

Purpose may amend, modify or suspend the reinvestment plan at any time in its sole discretion, provided that it gives notice of that amendment, modification or suspension to: (i) the CDS Participants through which the ETF plan participants hold their ETF Units; (ii) the plan agent; and (iii) if necessary, the TSX (or such other designated exchange on which the ETF Units of the fund may be listed from time to time).

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

#### ***Mutual fund units***

If you want to invest in mutual fund units of the fund 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 the fund. 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 and redeem” on page 16 for the minimum initial investment and the minimum additional investments required for each class.
- (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 dealer.
- (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 mutual fund units or at any time afterwards. You must set up your pre-authorized purchase plan through your 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 minimum initial investment and the minimum additional investments required for the fund or class, as the case may be.

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.

### ***ETF Units***

The manager may in its discretion, offer ETF plan participants the option to make pre-authorized cash contributions under the reinvestment plan by notifying their CDS Participant sufficiently in advance to allow such CDS Participant to notify the plan agent by 5:00 p.m. (Toronto time) at least ten business days before the last business day of the month. An ETF plan participant may invest a minimum of \$100 and a maximum of \$5,000 per pre-authorized cash contribution no more frequently than monthly. The manager reserves the right to reject any request for pre-authorized cash contributions.

Distributions due to ETF plan participants, along with any pre-authorized cash contributions, will be applied, on behalf of ETF plan participants, to purchase ETF plan securities in the market. ETF plan securities will be allocated pro rata based on the number of ETF Units held by ETF plan participants. ETF plan securities will be credited for the benefit of ETF plan participants to the account of the CDS Participant through whom that ETF plan participant holds ETF Units.

### **Systematic withdrawal plan**

#### ***Mutual fund units***

If you would like to make regular withdrawals from your non-registered investment in the 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 dealer.
- (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 for the fund, 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 advisor or dealer.

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 shares disposed of.

### ***ETF Units***

Under the reinvestment plan, holders of ETF Units will also be able to elect to systematically withdraw units by selling a specific dollar amount of ETF Units (in minimum amounts of \$100 and maximum amounts of \$5,000) owned by such holder in respect of each subsequent payment date. A holder of an ETF Unit may elect to sell ETF Units by notifying the plan agent via the applicable CDS Participant through which such holder holds its ETF Units of its intention to so sell ETF Units. In this regard, the CDS Participant must, on behalf of such unitholder, (i) provide a systematic withdrawal notice directly to the plan agent that the unitholder wishes to sell ETF Units in this manner until the fund is otherwise notified by 5:00 p.m. (Toronto time) on the applicable record date for which the unitholder no longer wishes to sell ETF Units or there remain no further ETF Units to be sold on behalf of such unitholder, whichever comes first and (ii) specify the specified dollar amount of units to be sold in respect of each subsequent payment date.

A holder of ETF Units who makes pre-authorized cash contributions may not deliver a systematic withdrawal notice under the reinvestment plan.

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

You may purchase Class A non-currency hedged units and Class F non-currency hedged units in U.S. dollars. Contact Purpose for more information.

### **Registered Plans**

The fund may be purchased within all Registered Plans subject to tax rules that deal with prohibited investments. See "Income Tax Considerations for Investors – For units held in a Registered Plan" on page 38.

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. TFSAs receive generally similar treatment under the Tax Act; however, withdrawals from a TFSA are not taxable. 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 the fund. The 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 fund**

### **Management fees**

Purpose, as manager of the fund, is entitled to a management fee payable by the fund. The management fee varies for each class of units of the fund. See the “Fees and expenses” in the fund details table for the 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 fund.

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

### **Management fee rebates:**

To achieve effective and competitive management fees, Purpose may reduce the management fee borne by certain unitholders 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 unitholder. 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 unitholder and Purpose. Purpose reserves the right to discontinue or change management fee rebates at any time.

### **Operating expenses**

The fund pays its own operating expenses, other than advertising costs and costs of dealer compensation programs, which are paid by the manager. Operating expenses include, but are not limited to, brokerage commissions and fees, taxes, audit, accounting and legal fees and expenses, safekeeping, trustee and custodial fees, bullion settlement fees (including delivery, movement and transportation expenses), interest expenses, registrar and transfer agent fees, regulatory participation fees, administrative costs, investor servicing costs and costs of financial and other reports to investors, expenses incurred in connection with the preparation of renewal prospectus, the costs and expenses incurred in complying with National Instrument 81-107 – *Independent Review Committee for Investment Funds* (including any expenses related to the implementation and on-going operation of an independent review committee), the costs and expenses incurred in connection with the distribution reinvestment plan, income and withholding taxes as well as all other applicable taxes, including HST, bank charges and interest expenses, the costs of complying with any new governmental or regulatory requirement introduced after the fund was established, extraordinary expenses including any costs associated with the printing and distribution of any documents that the securities regulatory authorities require be sent or delivered to investors in the fund and other regulatory reports as other operating and administrative expenses incurred in connection with the day-to-day operation of the fund.

The fund’s operating expenses are subject to applicable taxes. As the fund has more than one class of units, the unitholders of each class

bear their pro rata share of those expenses which are common to the operation of all classes as well as those expenses which are attributable solely to that class. The operating expenses payable by the fund, plus applicable HST, will be calculated and accrued daily and paid monthly in arrears.

Purpose may, from time to time, in its sole discretion, pay all or a portion of any operating expenses which would otherwise be payable by the fund.

### **Effect of HST on MERs**

The 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 the fund's unitholders 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 the fund's unitholders will have an impact on the management expense ratio of the fund year over year.

### **Independent Review Committee**

Each member of the IRC is entitled to receive an annual fee of \$5,000 plus a per meeting fee of \$400 in respect of the fund, subject to a maximum of \$70,000 per member per annum over all the funds managed by Purpose.

## **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.

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

#### ***Mutual fund units***

If a holder of mutual fund units redeems mutual fund units within 30 days of purchasing such mutual fund units, 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. At the present time, the manager is of the view that it is not necessary to impose any short-term trading restrictions on the ETF Units.

See "Purchases, Switches and Redemptions – Short term trading –

Short-term trading fees for mutual fund units” on page 20.

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

None of these fees are paid to Purpose.

**Other fees and expenses** You may have to reimburse your dealer if it suffers a loss as a result of our having to redeem your units for insufficient payment. See “Purchases, Switches and Redemptions – How to buy and redeem” on page 16.

**Monthly Redemption administration fee** A unitholder redeeming mutual fund units and/or ETF Units for physical gold bullion will be responsible for expenses incurred by the fund in connection with such redemption and applicable delivery expenses, including the handling of the notice of redemption, the delivery of the physical gold bullion for units that are being redeemed and the applicable fees charged by the fund’s custodian, including but not limited to gold storage in-and-out fees, transfer fees, pallet repackaging fees and pallet banding fees.

**ETF Unit administration fee** You may have to pay the fund an administration fee of up to 2% of the value of any ETF Units you exchange or redeem to offset certain transaction costs associated with the exchange or redemption of ETF Units.

**Cash subscription fee** You may have to pay a fee in connection with cash payments (in whole or in part) for subscriptions of a prescribed number of ETF Units of the fund, representing, as applicable, brokerage expenses, commissions, transaction costs, costs or expenses related to market impact, and other costs or expenses that the fund incurs or expects to incur in purchasing gold bullion on the market with such cash proceeds.

**Cash exchange fee** You may have to pay a fee in connection with cash payments (in whole or in part) for exchanges of a prescribed number of ETF Units of the fund, representing, as applicable, brokerage expenses, commissions, transaction costs, costs or expenses related to market impact and other costs or expenses that the fund incurs or expects to incur in selling gold bullion on the market to obtain the necessary cash for the exchange.

### **Impact of sales charges**

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

- (a) you invested \$1,000 in mutual fund units or ETF Units of the fund; 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	Redemption fee before end of:			
		1 year	3 years	5 years	10 years
ETF units	Nil	Nil	Nil	Nil	Nil
ETF non-currency hedged units	Nil	Nil	Nil	Nil	Nil
U.S. dollar denominated ETF non-currency hedged units	Nil	Nil	Nil	Nil	Nil
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 mutual fund units or ETF Units.

### PRICE RANGE AND TRADING VOLUME OF ETF UNITS

The following table sets out the consolidated market price range and monthly trading volume of the ETF Units on the TSX.

	ETF units		
	High	Low	Volume (000's)
<b>2019</b>			
July	\$22.85	\$22.14	27
August	\$24.44	\$22.88	105
September	\$24.66	\$23.33	79
October	\$23.93	\$23.44	184
November	\$23.95	\$23.03	145
December	\$23.99	\$23.11	165
<b>2020</b>			
January	\$25.11	\$24.12	100
February	\$26.20	\$<4.56	457
March	\$26.55	\$23.2	773
April	\$27.93	\$24.88	782
May	\$27.36	\$26.42	453
June	\$27.8	\$26.20	884

	ETF non-currency hedged units		
	High	Low	Volume (000's)
<b>2019</b>			
July	\$23.11	\$22.43	78
August	\$25.11	\$23.82	422

**ETF non-currency hedged units**

	Price		Volume (000's)
	High	Low	
September	\$25.30	\$23.90	53
October	\$24.57	\$23.85	35
November	\$24.33	\$23.59	39
December	\$24.23	\$23.66	57
<b><u>2020</u></b>			
January	\$25.70	\$24.36	56
February	\$27.12	\$25.23	55
March	\$29.10	\$25.43	161
April	\$29.81	\$27.55	672
May	\$30.10	\$28.70	607
June	\$29.48	\$27.53	241

**U.S. dollar denominated ETF non-currency hedged units**

	Price		Volume (000's)
	High	Low	
<b><u>2019</u></b>			
July	\$29.68	\$29.69	0.50
August	\$24.60	\$24.36	7
September	\$24.69	\$23.73	9
October	\$24.27	\$23.73	2
November	\$24.21	\$23.39	2
December	\$23.69	\$23.43	2
<b><u>2020</u></b>			
January	\$25.35	\$23.69	5
February	\$26.35	\$25.33	157
March	\$26.35	\$23.68	68
April	\$28.90	\$25.48	10
May	\$28.50	\$26.95	40
June	\$28.43	\$26.83	97

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

Your investment professional usually is the person through whom you purchase the fund. 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.

### ***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 fund may also charge a short-term trading fee if you redeem your units within 30 days of buying them. See “Purchases, Switches and Redemptions – Short term trading – Short-term trading fees for mutual fund units” on page 20.

### ***Trailing Commission***

We pay a service fee known as a “trailing commission” of up to 0.50% (plus applicable HST) to your dealer either monthly or quarterly for ongoing services your dealer may provide to you on your Class A 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.

We do not pay service fees on Class F Units.

### ***Class F Units***

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 fund may also charge a short-term trading fee if you redeem your units within 30 days of buying them. See “Purchases, Switches and Redemptions – Short term trading – Short-term trading fees for mutual fund units” on page 20.

### ***ETF Units***

We do not pay your dealer a commission if you buy ETF Units. At the present time, we are of the view that it is not necessary to impose any short-term trading restrictions on the ETF Units. See “Purchases, Switches and Redemptions – Short-term trading – ETF Units” on page 19.

### **Other forms of dealer support**

We may participate in co-operative advertising programs with dealers to help them market the fund. We may use part of the management fee to pay up to 50% of the cost of these advertising programs in accordance with rules set out in National Instrument 81-105 – *Mutual Fund Sales Practices*.

## **DEALER COMPENSATION FROM MANAGEMENT FEES**

During the financial year ended December 31, 2019, we paid or caused to be paid total cash compensation (sales commissions, trailing commissions or other kinds of dealer compensation such as promotional activities) to dealers who distributed securities of the mutual funds managed by the manager representing approximately 29% of the total management fees received by the manager from the funds managed by the manager during such periods.

## **INCOME TAX CONSIDERATIONS FOR INVESTORS**

This section describes how your investment in the fund will be subject to Canadian income tax. This description is a general summary and assumes that:

- (a) you are a Canadian resident individual (other than a trust);
- (b) you hold your units as capital property and your transactions in units will be taxed on capital account; and
- (c) you are not affiliated and deal at arm's length with the fund.

Everyone's tax situation is different. You should consult your tax advisor about your individual situation.

### **How you can earn money from your investment**

Your investment in the fund can earn money from:

- (a) distributions paid by the fund, which may consist of ordinary income distributions, capital gains distributions or a return of capital; and
- (b) any capital gains you realize when you redeem units of the fund.

### **Tax treatment of the fund**

The fund will include in computing its income any income or the taxable portion of capital gains realized by the fund on the disposition of gold bullion. The fund's Declaration of Trust requires that the fund distribute its net income and net realized capital gains, if any, for each taxation year of the fund to unitholders to such an extent that the fund will not be liable in any taxation year for ordinary income tax (after taking into account any applicable losses of the fund and any capital gains refunds to which the fund is entitled). If in a taxation year the income for tax purposes of the fund exceeds the cash available for distribution by the fund, the fund will distribute its income through a payment of reinvested distributions.

The CRA has expressed the opinion that gains (or losses) of mutual fund trusts resulting from transactions in commodities should generally be treated for tax purposes as ordinary income rather than as capital gains, although the treatment in each particular case remains a question of fact to be determined having regard to all the circumstances. As the fund intends to be a long-term holder of gold bullion, the manager anticipates that the fund will generally treat gains (or losses) as a result of any disposition of gold bullion as capital gains (or capital losses) although, depending on the circumstances, the fund may instead include the full amount in (or deduct the full amount from) income.

The fund will include gains and deduct losses on income account, rather than as capital gains and capital losses, in connection with investments made through derivative transactions, except where such derivatives are entered into in order to hedge, and are sufficiently linked with, capital account items, and will recognize such gains or losses for tax purposes at the time they are realized by the fund. Where the fund uses derivatives to hedge foreign currency exposure with respect to capital account items, gains or losses realized on such derivatives will generally be treated as capital gains or capital losses. A derivative that is on capital account may nonetheless be treated on income account if it is a "derivative forward agreement" within the meaning of the Tax Act.

Any losses incurred by the fund may not be allocated to unitholders, but may generally be carried forward and back and deducted in computing the taxable income of the fund in accordance with the detailed rules and limitations in the Tax Act.

The fund is subject to the suspended loss rules contained in the Tax Act. A loss realized on a disposition of capital property is considered to be a suspended loss when the fund acquires a property (a “substituted property”) that is the same as or identical to the property disposed of, within 30 days before and 30 days after the disposition and the fund owns the substituted property 30 days after the original disposition. If a loss is suspended, the fund cannot deduct the loss until the substituted property is sold and is not reacquired within 30 days before and after the sale, which may increase the amount of net realized capital gains of the fund to be made payable to its unitholders.

The fund will be entitled for each taxation year throughout which it is a mutual fund trust to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Tax Act based on the redemptions of its units during the year (“capital gains refund”). The capital gains refund in a particular taxation year may not completely offset the tax liability of the fund for such taxation year which may arise upon the sale of its investments in connection with redemptions of units of the fund.

The fund is required to compute its income and gains for tax purposes in Canadian dollars. Therefore, the amount of income, cost, proceeds of disposition and other amounts in respect of investments that are not Canadian dollar denominated will be affected by fluctuations in the exchange rate of the Canadian dollar against the relevant foreign currency.

### **How your investment is taxed**

The tax you pay on your investment depends on whether you hold your units in a Registered Plan.

### **For units held in a Registered Plan**

#### ***Eligibility***

It is intended that units of the fund will be qualified investments for trusts governed by Registered Plans.

In the case of a TFSA, RRSP, RRIF, RDSP or RESP, provided that you do not hold a significant interest in the fund in and you deal at arm’s length with the fund for purposes of the Tax Act, the fund or such units, will not be a prohibited investment for your TFSA, RRSP, RRIF, RDSP or RESP. You should speak to your own tax advisor about the prohibited investment rules.

#### ***Distributions and capital gains***

If you hold your units of the fund through a Registered Plan, you will not pay tax on distributions or capital gains so long as they remain within the plan. However, any withdrawals or distributions from your Registered Plan may be subject to tax (other than a return of contributions from an RESP or certain withdrawals from an RDSP) and withdrawals from a TFSA.

## **For units held in a non-registered account**

### ***Buying units before a distribution payment***

The NAV of the units may include income and/or capital gains that have been earned but not yet distributed. If you buy units of the fund just before it declares a distribution you will be taxed on that distribution payment. Any amount reinvested in additional units of the fund will be added to the adjusted cost base of your units.

### ***Distributions***

If you hold your units of the fund outside a Registered Plan, in calculating your income each year you must take into account the amount of any distributions (including any management fee distributions) paid or payable by the fund, whether you receive the distributions in cash or you reinvest them in units of the fund. All such amounts must be computed in Canadian dollars. Any amount reinvested in additional units of the fund will be added to the adjusted cost base of your units.

Distributions from the fund are treated as ordinary income, capital gains or non-taxable amounts (including a return of capital). Each type of distribution is taxed differently, with distributions that are treated as capital gains or a return of capital being treated more favourably than other distributions.

You will be informed each year of the type of distributions paid to you and what amounts are treated as taxable capital gains, and non-taxable amounts (including a return of capital).

The NAV of the units may include income and/or capital gains that have been earned but not yet distributed. If you buy units of the fund just before it makes a distribution, such as just before a year-end distribution and you become entitled to receive that distribution, you will be taxed on that distribution payment even though it may have been reflected in the price you paid for your units.

If you redeem your units partway through a distribution period, you will not receive a distribution for those units as entitlement to distributions depends on holding units at the time of the distribution. However, a portion or all of the distribution amount will be reflected in the price you received for selling your units.

Distributions made by the fund from gains on certain derivatives are considered ordinary income, not capital gains.

If you pay management fees directly in respect of units of the fund held outside a Registered Plan, you should consult your own tax advisor with respect to the deductibility of such management fees in your own particular circumstances.

### ***Calculating your capital gains or losses when you redeem your units***

You are responsible for tracking and reporting to the CRA any capital gain or loss that you realize. Your capital gain or loss for tax purposes on a redemption of units is the difference between the amount you receive for the redemption (less any fees) and the adjusted cost base of those units (all computed in Canadian dollars). One-half of a capital gain or a capital loss is taken into account in determining taxable capital gains and allowable capital losses. Allowable capital losses are only deductible against taxable capital gains in accordance with detailed tax rules. You may also realize capital gains or losses on units redeemed to pay any fees in connection with short-term trading fees.

If you have bought units at various times, you will likely have paid various prices. This includes units you received through reinvested distributions. Your adjusted cost base of a unit of a class is the weighted average cost of all the units you hold in that class of the fund.

How to calculate the adjusted cost base of a unit of a class of the fund:

- (a) Start with your initial investment, including any sales charges you paid.
- (b) Add any additional investments, including any sales charges you paid, including any management fee rebates reinvested in additional units of the class.
- (c) Add the amount of any reinvested distributions or other distributions.
- (d) Subtract the adjusted cost base of any units that were previously sold or redeemed.
- (e) Subtract any distributions that have been treated as a return of capital.
- (f) Divide by the number of units of that class that you own.

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

### **Mutual fund units**

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 fund. 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.

### **ETF Units**

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase ETF Units within 48 hours after the receipt of a confirmation of a purchase of such securities. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation, or non-delivery of the ETF Facts, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory.

The purchaser should refer to the applicable provisions of the securities legislation of the province or territory for the particulars of these rights or consult with a legal advisor.

## ADDITIONAL INFORMATION

### Exemptions and approvals

The fund has received exemptive relief from the Canadian securities regulatory authorities to permit the following:

- (a) the purchase by a unitholder of the fund of more than 20% of the ETF Units of the fund through purchases on a stock exchange without regard to the take-over bid requirements of Canadian securities legislation;
- (b) to relieve the fund from the requirement that a prospectus contain a certificate of the underwriters;
- (c) to relieve the fund from the requirement to include in the prospectus a statement respecting purchasers' statutory rights of withdrawal and remedies of rescission as prescribed in Item 11 of Part A of Form 81-101F1 – *Contents of Simplified Prospectus*;
- (d) to relieve the fund from the requirement to prepare and file a long form prospectus in accordance with National Instrument 41-101 – *General Prospectus Requirements* for the ETF Units in the form prescribed by Form 41-101F2 – *Information Required in an Investment Fund Prospectus* provided that the fund files a prospectus for the ETF Units in accordance with the provisions of National Instrument 81-101 – *Mutual Fund Prospectus Disclosure*, other than the requirements pertaining to the filing of a fund facts document; and
- (e) to permit the payment for the issuance of units of the fund partially in cash and partially in gold bullion, provided that the acceptance of gold bullion as payment is made in accordance with Section 9.4(2)(b) of NI 81-102.

The fund has received exemptive relief from the Canadian securities regulatory authorities to permit the following:

- (a) to permit the fund to invest up to 100% of its net assets, taken at market value at the time of purchase, in gold bullion, provided that (i) no more than 10% of such net assets, taken at market value at the time of purchase, may be invested in gold certificates and (ii) the prospectus of the fund includes disclosure regarding the unique risks associated with an investment in the fund, including the risk that direct purchases of gold bullion by the fund may generate higher transaction and custody costs than other types of investments, which may impact the performance of the fund;
- (b) to permit the fund to accept a combination of cash and physical gold bullion as subscription proceeds;
- (c) to permit the fund to pay redemption proceeds in connection with a redemption of units of the fund pursuant to a Monthly Redemption later than two business days after the applicable Monthly Redemption Date; and
- (d) to permit Royal Canadian Mint to act as the custodian of the fund's physical gold bullion.

## **SPECIFIC INFORMATION ABOUT THE MUTUAL FUND DESCRIBED IN THIS DOCUMENT**

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

#### ***Fund details***

The fund is a mutual fund established as a trust under the laws of the Province of Ontario. The authorized capital of the fund includes one or more classes of exchange-traded units and one or more classes of mutual fund units. An unlimited number of ETF Units and mutual fund units of the fund 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 the 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. You will find more information about Registered Plans on page 30. The table also tells you the management fee and administration expenses for each class of the fund.

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

#### ***Investment objectives***

This section outlines the investment objectives of the fund and the type of assets in which the fund may invest to achieve those investment objectives. The fund’s investment objectives may include capital preservation, generating income, capital growth or a combination of the three. Some mutual 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 portfolio manager 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.

This section also highlights:

- (a) any significant investment restrictions adopted by the fund; and
- (b) the potential use of derivatives and a description of how they will be used.

### **How the fund uses 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. The fund may use derivatives to hedge its foreign currency exposure back to the Canadian dollar.

### **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 the fund. We have listed the risks in the order of relevance for the fund. You will find general information about the risks of investing and descriptions of each specific risk under “What is a mutual fund?” on page 6 and “What are the general risks of investing in a mutual fund?” on page 6.

### **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.

### **Investment risk classification methodology**

We assign fund risk ratings to each fund managed by Purpose as an additional guide to help you decide whether a fund is right for you. This information is only a guide. We determine the risk rating for each fund in accordance with National Instrument 81-102 – *Investment Funds*. 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.

Using this methodology, each fund is assigned an investment risk rating in one of the following categories:

- (a) **Low** – for funds with a level of risk that is typically associated with investments in money market funds and Canadian fixed income funds;
- (b) **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;
- (c) **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;
- (d) **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 regions or in specific sectors of the economy; and
- (e) **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 a substantial risk of loss (e.g., emerging markets and precious metals).

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, we use 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) as a proxy. 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.

A copy of the methodology used by Purpose to identify the investment risk level of the fund 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.

### **Distribution policy**

This section tells you how often the fund pays out distributions of income and capital or a return of capital and how they are paid. See "Income Tax Considerations for Investors" on page 37 for more information.

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

We cannot provide information regarding fund expenses indirectly borne by investors in respect of a fund that has not completed a financial year.

### **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 the 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.

**PURPOSE GOLD BULLION FUND**

<b>Fund Type</b>	gold bullion fund																
<b>Date Started</b>	ETF units – October 15, 2018 ETF non-currency hedged units – October 15, 2018 U.S. dollar denominated ETF non-currency hedged units – October 15, 2018 Class A currency hedged units – July 16, 2020 Class A non-currency hedged units - July 16, 2020 Class F currency hedged units – October 15, 2018 Class F non-currency hedged units - July 16, 2020																
<b>Type of Securities</b>	ETF units, ETF non-currency hedged units, U.S. dollar denominated ETF non-currency hedged units, Class A currency hedged units, Class A non-currency hedged units, Class F currency hedged units and Class F non-currency hedged units																
<b>Management Fee</b>	<table> <thead> <tr> <th><b>Class</b></th> <th><b>Management Fee</b></th> </tr> </thead> <tbody> <tr> <td>ETF units</td> <td>0.20%<sup>(1)</sup></td> </tr> <tr> <td>ETF non-currency hedged units</td> <td>0.20%<sup>(1)</sup></td> </tr> <tr> <td>U.S. dollar denominated ETF non-currency hedged units</td> <td>0.20%<sup>(1)</sup></td> </tr> <tr> <td>Class A currency hedged units</td> <td>0.70%<sup>(1)</sup></td> </tr> <tr> <td>Class A non-currency hedged units</td> <td>0.70%<sup>(1)</sup></td> </tr> <tr> <td>Class F currency hedged units</td> <td>0.20%<sup>(1)</sup></td> </tr> <tr> <td>Class F non-currency hedged units</td> <td>0.20%<sup>(1)</sup></td> </tr> </tbody> </table>	<b>Class</b>	<b>Management Fee</b>	ETF units	0.20% <sup>(1)</sup>	ETF non-currency hedged units	0.20% <sup>(1)</sup>	U.S. dollar denominated ETF non-currency hedged units	0.20% <sup>(1)</sup>	Class A currency hedged units	0.70% <sup>(1)</sup>	Class A non-currency hedged units	0.70% <sup>(1)</sup>	Class F currency hedged units	0.20% <sup>(1)</sup>	Class F non-currency hedged units	0.20% <sup>(1)</sup>
<b>Class</b>	<b>Management Fee</b>																
ETF units	0.20% <sup>(1)</sup>																
ETF non-currency hedged units	0.20% <sup>(1)</sup>																
U.S. dollar denominated ETF non-currency hedged units	0.20% <sup>(1)</sup>																
Class A currency hedged units	0.70% <sup>(1)</sup>																
Class A non-currency hedged units	0.70% <sup>(1)</sup>																
Class F currency hedged units	0.20% <sup>(1)</sup>																
Class F non-currency hedged units	0.20% <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 has been created to buy and hold substantially all of its assets in gold bullion and, incidental thereto, minor amounts of gold certificates, if any.

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***

To achieve its investment objective, the fund invests in and holds substantially all of its assets in long-term holdings of gold bullion in order to provide investors with a secure, convenient, low-cost alternative for investors interested in holding an investment in gold bullion.

The Fund invests in and holds primarily pure, refined and unencumbered gold bullion on a long-term basis in 1,000 grams London Good Delivery Bars. The fund can also hold 100 or 400 troy ounce international bar sizes. The fund does not speculate with regard to short-term changes in gold prices in order to provide investors with the ability to effectively invest in unencumbered gold bullion in a convenient and secure manner, without the associated inconvenience and relatively high transaction, handling, storage, insurance and other costs typical of a direct gold bullion investment. See "Additional Information – Exemptions and approvals" for information on certain relief obtained by the fund.

The price of gold is volatile and its fluctuations are expected to have an impact on the price of the units. Movements in the price of gold in the past, and any past or present trends, are not a reliable indicator of future movements.

***Currency Hedging***

The fund will, in respect of the ETF units, Class A currency hedged units, and Class F currency hedged units, hedge substantially all of its U.S. dollar currency exposure in respect of such units back to the Canadian dollar by using derivatives including currency forward contracts. Other than the foregoing, the fund does not use derivatives.

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

The direct and indirect risks of investing in the fund include:

- (a) absence of an active market for the ETF Units;
- (b) fluctuations in NAV and NAV per unit;
- (c) commodity risk;
- (d) risks relating to investments in gold bullion;
- (e) changes in legislation;
- (f) concentration risk;
- (g) currency hedging risk (Class A currency hedged units, Class F currency hedged units and ETF units only);
- (h) depletion of amount of bullion represented by each unit;
- (i) exchange risk;
- (j) exchange rate risk;

- (k) fineness and quality risk;
- (l) cyber security risk;
- (m) global geo-political event risk;
- (n) lack of arbitrage transactions;
- (o) liquidity risk;
- (p) loss of bullion risk;
- (q) precious metals risk;
- (r) reliance on the manager risk;
- (s) risk of volatile markets and market disruption risk;
- (t) sales of gold by the official sector;
- (u) tax risk;
- (v) uninsured loss risk; and
- (w) withdrawal from participating of broker-dealers.

Additional risks associated with an investment in the ETF units include:

- (a) absence of an active market for the ETF units;
- (b) rebalancing and adjustment risk; and
- (c) trading price of ETF units.

**Who should invest in this fund?**

This fund may be right for you if:

- (a) you want to invest in physical gold bullion;
- (b) you want capital growth over the long-term;
- (c) you have a high tolerance for risk and volatility; and
- (d) you can tolerate medium-to-high risk.

The fund's risk classification is based on the fund's returns and the return of the price of gold (the "LBMA Gold Price"). The LBMA Gold Price is determined by an auction process conducted by the ICE Benchmark Administration and published by the London Bullion Market Association. Please see "Specific information about the mutual fund described in this document – Investment risk classification methodology" on page 43 for a description of how we determined the classification of the fund's risk level.

**Distribution Policy**

The fund expects to make distributions annually, if any. **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. Distributions of any excess income are determined and made annually and distributions of any excess capital gains are made annually in February. For more information see “Specific information about the mutual fund described in this document – Distribution policy” on page 44 of the simplified prospectus.

**Fund Expenses Indirectly Borne By Investors**

This table is intended to help an investor compare the cost of investing in this fund with the cost of investing in other mutual funds or in another class of this fund, if applicable. See “Purchases, Switches and Redemptions – How to buy and redeem” on page 16 for a description of each class and their availability. This table shows the fees and expenses paid by the fund that are indirectly borne by an investor. See “Fees and expenses” on page 30 for more information.

	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>	<b>10 years</b>
ETF units (\$)	\$2.73	\$9.01	\$16.51	\$41.86
ETF non-currency hedged units (\$)	\$2.84	\$9.35	\$17.14	\$43.45
U.S. dollar denominated ETF non-currency hedged units (\$)	\$2.84	\$9.35	\$17.14	\$43.45
Class F currency hedged units (\$)	\$2.73	\$9.01	\$16.51	\$41.86

**Notes:**

<sup>1</sup> Based on a \$1,000 investment and 5% return each year. Actual performance may vary.

Information regarding fund expenses indirectly borne by investors is not available for Class A Units and class F non-currency hedged units because such classes are newly created.

## **PURPOSE GOLD BULLION FUND**

You will find more information about the fund in its annual information form, fund facts, management reports of fund performance, financial statements and ETF Facts. 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, the financial statements and the ETF Facts from the Purpose website at [www.purposeinvest.com](http://www.purposeinvest.com).

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

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

Tel: 1-877-789-1517

Fax: (416) 583-3851

Email: [info@purposeinvest.com](mailto:info@purposeinvest.com)