

PURPOSE PREMIUM YIELD FUND

COMMENTARY AND REBALANCE UPDATE

PURPOSE
INVESTMENTS

FUND DETAILS

ETF Series Ticker Symbol	PYF
FundSERV Series Codes	Series A - PFC2300 Series F - PFC2301
Management Fee	0.60%
Series A Trailer Fee	1.00%
Distribution Frequency	Monthly
Distribution Type	Canadian Dividends & Capital Gains
Fund Structure	Corporate Class
Inception Date	Jan. 19, 2016

PORTFOLIO OPTION STATISTICS

AS OF OCT 31, 2018

1-3 Month Options	108.95%
4-6 Month Options	0.00%
6+ Month Options	0.00%
Average Out of Money Percentage of Options	-7.20%
Current U.S. Currency Exposure (Tactical)	0.00%

SECTOR EXPOSURE

FOR THE PERIOD SEP 28, 2018 TO OCT 31, 2018

SECTOR	WEIGHT
Consumer Staples	15.66%
Financials	14.82%
Consumer Discretionary	12.09%
Information Technology	10.32%
Materials	9.24%
Industrials	7.98%
Energy	7.50%
Health Care	6.26%
Utilities	3.66%
Real Estate	1.59%
Telecommunication Services	0.00%

PERFORMANCE

AS OF OCT 31, 2018

CLASS	1 MONTH	3 MONTH	6 MONTH	YTD	1 YEAR	SINCE INCEPTION
ETF	-1.25%	-1.22%	0.79%	2.52%	3.29%	3.75%
F	-1.24%	-1.21%	0.80%	2.52%	3.30%	3.76%
A	-1.34%	-1.49%	0.24%	1.57%	2.15%	2.60%

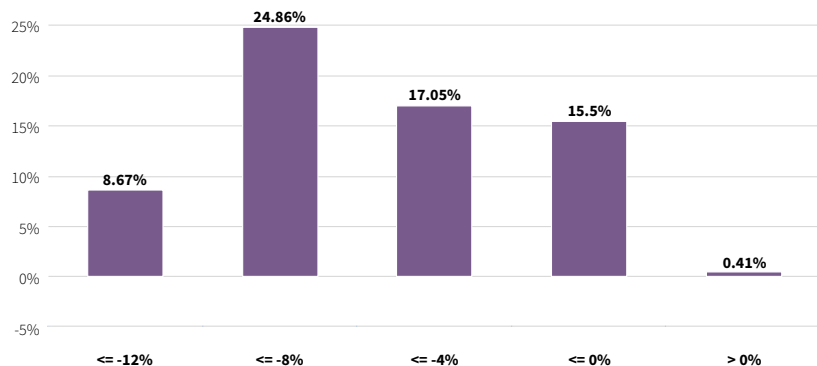
TOP 10 HOLDINGS

AS OF OCT 31, 2018

HOLDING	SECTOR	EXPOSURE
PUT OPTION		
International Paper Co	Materials	2.01%
CVS HEALTH CORP	Health Care	1.62%
Cigna Corp	Energy	1.58%
CAPITAL ONE FINANCIAL CORP	Financials	1.50%
NORTHROP GRUMMAN CORP	Energy	1.36%
American Electric Power Co Inc	Utilities	1.35%
MONDELEZ INTERNATIONAL INC	Industrials	1.29%
Citigroup Inc	Financials	1.28%
TEXAS INSTRUMENTS INC	Consumer Discretionary	1.25%
EQUITIES WITH COVERED CALLS		
Las Vegas Sands Corp	Consumer Discretionary	1.06%
AT&T Inc	Telecommunication Services	0.75%
Aloca Corp	Materials	0.67%
Bristol-Myers Squibb Co	Health Care	0.60%
International Paper Co	Materials	0.54%
Facebook Inc	Information Technology	0.39%

IN THE MONEY OPTION EXPOSURE

AS OF OCT 31, 2018



FUND COMMENTARY

- October was a volatile month as global equities experienced a broad sell-off. Investors grappled with worries over the late state of the market cycle and equity valuations as US yields rose to their highest levels since 2011. Macro concerns weighed on sentiment as trade talks between China and the US seemed to degrade. The US mid-term elections also added to the uncertainty. The US dollar rallied on safe haven flows, gaining 2% versus its Canadian counterpart. Energy markets sold off with WTI crude oil dropping almost 11% on indications that OPEC would increase production. Although the drawdown was similar in size to February's, the CBOE Volatility Index (VIX) remained under 30 (compared to hitting 37 earlier in the year), indicating the level of panic was more subdued.
- In equities, energy, materials and industrials were among the worst performers as fears of slowing growth and the China effect impacted cyclical names. High-momentum growth names across information technology and consumer discretionary also saw heavy profit taking. Consumer staples and utilities saw relative outperformance as capital rotated into more defensive sectors. Across factors, there was large rotation out of growth and into low volatility and high-quality names.
- The Fund performed as designed in October, delivering very low downside beta relative to equities while opportunistically locking in greater premiums at higher volatility to generate attractive returns going forward. As markets declined, the Fund's equity exposure increased as short put option positions came closer to or crossed their respective strike prices. Losses were fairly broad-based, coming on names in the information technology, health care, energy, materials, consumer discretionary and industrials sectors. Western Digital Corporation was the most meaningful detractor as the semi-conductor sector continues to face headwinds. Eaton Corporation plc was also negative as it followed the downtrend across industrials linked to China growth fears. Valero Energy Corporation sold on news of a corporate transaction that prompted sell ratings from sell-side analysts. Wells Fargo & Company was the most significant contributor to performance on the back of strong Q3 operating results. Kraft Heinz Company and PepsiCo, Inc. both benefited from flows into the generally defensive consumer staples sector.

BEST & WORST PERFORMING HOLDINGS

FOR THE PERIOD SEP 28, 2018 TO OCT 31, 2018

TOP 5 PERFORMING STOCKS

NAME	EQUITY WEIGHT / OPTION EXPOSURE	CONTRIBUTION TO FUND RETURN ¹	SECURITY RETURN
Wells Fargo & Co	0.87%	0.03%	1.27%
Kraft Heinz Co/The	0.29%	0.02%	-0.25%
Pepsico Inc	0.47%	0.02%	0.52%
Cummins Inc	0.86%	0.02%	-6.42%
Nucor Corp	0.63%	0.01%	-6.82%

BOTTOM 5 PERFORMING STOCKS

NAME	EQUITY WEIGHT / OPTION EXPOSURE	CONTRIBUTION TO FUND RETURN ¹	SECURITY RETURN
Kraft Heinz Co/The	0.29%	-0.13%	-18.07%
Western Digital Corp	0.47%	-0.13%	-13.99%
Wells Fargo & Co	0.87%	-0.13%	-19.92%
JD.com Inc	0.00%	-0.15%	-17.36%
Las Vegas Sands Corp	0.96%	-0.15%	-26.43%

¹ Contribution to fund return for the period is calculated as the 1 month total return for the ETF Series of the Fund multiplied by the sector/security's average weight of the Fund's net asset value.

Commissions, trailing commissions, management fees and expenses all may be associated with investment fund investments. The prospectus contains important detailed information about the investment fund. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns including changes in share/unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. As with any investment, there are risks to investing in investment funds. There is no assurance that any fund will achieve its investment objective, and its net asset value, yield, and investment return will fluctuate from time to time with market conditions. Investment funds are not guaranteed, their values change frequently and past performance may not be repeated. The opinions expressed are provided by the portfolio manager responsible for the management of the Fund's investment portfolio, as specified in the Fund's prospectus. Unless otherwise stated, the source for data cited in any commentary is the portfolio manager. Nothing in any commentary should be considered a recommendation to buy or sell a particular security. The Fund may sell these securities at any time, or purchase securities that have previously been sold. The securities may increase or decrease in value after the date hereof, and the Fund may accordingly gain or lose money on the investment in the securities. The statements by the portfolio managers in their commentaries are intended to illustrate their approach in managing the funds, and do not necessarily reflect the views of Purpose Investments Inc.