

# PURPOSE CORE DIVIDEND FUND

## COMMENTARY AND REBALANCE UPDATE

PURPOSE  
INVESTMENTS

### FUND DETAILS

ETF Series Ticker Symbol	PDF
FundSERV Series Codes	Series A - PFC400 Series F - PFC401
Management Fee	0.55%
Series A Trailer Fee	1.00%
Distribution Frequency	Monthly
Distribution Type	Canadian Dividends & Capital Gains
Fund Structure	Corporate Class
Inception Date	Sep. 3, 2013

### PORTFOLIO REBALANCING

Weighting Methodology	Equal Weight
Number of Holdings	60
Rebalancing Frequency	Quarterly
Total Available # of Sectors	11
Sector Cap	20%

### PORTFOLIO STATISTICS

AS OF OCT 31, 2018

Number of Holdings	60
Dividend Yield (Gross)	3.96%
Price to Earnings Ratio	13.65x
Price to Book Ratio	3.33x
Price to Cash Flow	11.06x
Average Market Capitalization (\$bil)	\$63.74
5 Year Dividend Growth	7.68%

### PERFORMANCE

AS OF OCT 31, 2018

CLASS	1 MONTH	3 MONTH	6 MONTH	YTD	1 YEAR	3 YEAR	SINCE INCEPTION
ETF	-3.46%	-5.13%	-1.36%	-7.62%	-7.95%	3.85%	7.79%
F	-3.46%	-5.13%	-1.36%	-7.62%	-7.95%	3.85%	7.82%
A	-3.55%	-5.39%	-1.90%	-8.46%	-8.95%	2.72%	6.62%

### TOP 10 HOLDINGS

AS OF OCT 31, 2018

NAME	SECTOR	WEIGHT
Omnicom Group Inc	Consumer Staples	1.88%
Procter & Gamble Co	Consumer Discretionary	1.88%
Altria Group Inc	Consumer Staples	1.85%
Merck & Co Inc	Health Care	1.85%
Coca-Cola Co	Consumer Staples	1.85%
Pfizer Inc	Health Care	1.81%
Verizon Communications Inc	Telecommunication Services	1.81%
Thomson Reuters Corp	Financials	1.81%
Pembina Pipeline Corp	Energy	1.80%
Parkland Fuel Corp	Consumer Staples	1.78%

### GEOGRAPHIC BREAKDOWN

AS OF OCT 31, 2018

COUNTRY	NUMBER OF HOLDINGS	WEIGHT	CONTRIBUTION TO FUND RETURN <sup>1</sup>
Canada	35	57.56%	-2.79%
United States	25	42.44%	-0.67%
<b>Total</b>	<b>60</b>	<b>100.00%</b>	<b>-3.46%</b>

### BEST & WORST PERFORMING HOLDINGS

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

#### TOP 5 PERFORMING STOCKS

NAME	SECTOR	WEIGHT	CONTRIBUTION TO FUND RETURN <sup>1</sup>	SECURITY RETURN
Omnicom Group	Communication Services	1.89%	0.15%	9.26%
Altria Group Inc	Consumer Staples	1.90%	0.13%	7.84%
Verizon Communications Inc	Communication Services	1.84%	0.13%	8.10%
Procter & Gamble Co/The	Consumer Staples	1.88%	0.12%	7.50%
Ford Motor Co	Consumer Discretionary	1.77%	0.08%	5.08%

#### BOTTOM 5 PERFORMING STOCKS

NAME	SECTOR	WEIGHT	CONTRIBUTION TO FUND RETURN <sup>1</sup>	SECURITY RETURN
Canadian Natural Resources	Energy	1.48%	-0.24%	-14.41%
Lockheed Martin Corp	Industrials	1.57%	-0.27%	-15.06%
Methanex Corp	Materials	1.58%	-0.30%	-16.39%
Norbord Inc	Materials	1.18%	-0.32%	-21.57%
Intl Business Machines Corp	Information Technology	1.38%	-0.41%	-23.66%

## 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 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 return was negative over the month, but performance was strong relative to similar products due to its increased diversification and more defensive positioning. Sector contributions were consistent with market performance. Consumer staples and utilities led to the upside, while industrials, materials and energy detracted materially.
- Omnicom Group Inc. was the largest contributor as the stock surged after third quarter profits topped estimates. Altria Group, Inc. rallied on strong earnings and reports the company is considering an entry into the cannabis space, while Verizon Communications Inc. also beat on earnings. International Business Machines Corporation was the most significant detractor as the stock declined on a larger-than-expected drop in revenue. Norbord Inc. continued its downtrend as analysts downgraded earnings expectations. Methanex Corporation also detracted meaningfully as materials stocks were pressured heavily on the month due to global growth concerns.

## SECTOR ATTRIBUTION

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

NAME	WEIGHT	CONTRIBUTION TO FUND RETURN <sup>1</sup>	INDEX RETURN <sup>2</sup>
Consumer Staples	13.94%	0.29%	0.17%
Utilities	13.71%	0.20%	0.05%
Health Care	3.68%	0.03%	-0.99%
Communication Services	12.20%	0.02%	-0.58%
Real Estate	5.09%	-0.08%	-0.05%
Consumer Discretionary	8.20%	-0.36%	-1.22%
Financials	9.99%	-0.47%	-0.61%
Information Technology	3.07%	-0.50%	-1.67%
Energy	13.03%	-0.70%	-0.66%
Materials	5.84%	-0.84%	-0.23%
Industrials	11.26%	-1.05%	-1.06%
<b>Total</b>	<b>100.00%</b>	<b>-3.46%</b>	<b>-6.84%</b>

## SECTOR YIELD BREAKDOWN

AS OF OCT 31, 2018

SECTOR	FUND TRAILING 12M DIVIDEND YIELD (GROSS)	INDEX TRAILING 12M DIVIDEND YIELD (GROSS) <sup>2</sup>	FUND TRAILING 12M EXCESS DIVIDEND YIELD (GROSS)
Materials	5.73%	1.45%	4.28%
Information Technology	4.52%	0.41%	4.11%
Consumer Discretionary	4.26%	1.70%	2.56%
Health Care	2.85%	0.63%	2.22%
Energy	4.79%	2.78%	2.02%
Consumer Staples	3.22%	1.51%	1.71%
Industrials	2.15%	1.46%	0.68%
Real Estate	5.42%	4.82%	0.59%
Financials	4.30%	3.74%	0.56%
Communication Services	4.51%	4.41%	0.10%
Utilities	4.77%	5.27%	-0.50%

## PORTFOLIO ADDITIONS & DELETIONS

- There were no additions or deletions for the month of October 2018.
- The next quarterly rebalance is scheduled for December 2018.

<sup>1</sup> 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.

<sup>2</sup> Index source: S&P 500 Level 1 GICS.

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.