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PURPOSE MUTUAL FUNDS

Simplified Prospectus

Black Diamond Global Equity Fund , an alternative mutual fund	ETF Units Class A units Class F units Class I units Class TA3 units Class TF3 units
Black Diamond Distressed Opportunities Fund , an alternative mutual fund	ETF Units Class A units Class F units Class I units
Black Diamond Global Enhanced Income Fund	Class A units Class F units Class I units

October 8, 2021

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INTRODUCTION

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

Black Diamond Global Equity Fund and Black Diamond Distressed Opportunities Fund are considered “alternative mutual funds”, as defined in National Instrument 81-102 - *Investment Funds*. This permits them to use strategies generally prohibited to conventional mutual funds and as described herein.

This document contains selected important information about the funds to help you make an informed investment decision and to help you understand your rights.

This document is divided into two parts. Pages 1 to 43 of this simplified prospectus explain general information that applies to all of the funds as well as general information regarding mutual funds and their risks. Pages 45 to 65 contain specific information about each of the funds described in this simplified prospectus.

You will find additional information about each fund in the following documents:

- (a) the fund’s annual information form;
- (b) the fund’s most recently filed fund facts and, if applicable, the fund’s most recently filed ETF 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; and
- (f) any interim management report of fund performance filed after that annual management report of fund performance.

These documents are incorporated by reference into this document, which means that they legally form part of this document just as if they were printed as part of this document. 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.

You can also get copies of this simplified prospectus, the fund facts, the ETF Facts (as applicable), the annual information form, the management reports of fund performance and the financial statements from Purpose’s website at www.purposeinvest.com.

These documents and other information about the funds are also available at www.sedar.com.

GLOSSARY

In this simplified prospectus:

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

“**Alternative Funds**” means Black Diamond Distressed Opportunities Fund and Black Diamond Global Equity Fund, and “Alternative Fund” means either one of them.

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

“**basket of securities**” means a group of securities or assets determined by Purpose from time to time representing the constituent securities of a fund.

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

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

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

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

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

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

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

“**Class TA3 Units**” means class TA3 units of a fund.

“**Class TF3 Units**” means class TF3 units of a fund.

“**constituent issuers**” means, for a fund, those issuers whose securities are included in the portfolio of the fund from time to time.

“**constituent security**” means, for a fund, a security of a constituent issuer.

“**CRA**” means Canada Revenue Agency.

“**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 a fund.

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

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

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

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

“ETF” means an exchange-traded fund.

“ETF Unit” means an ETF unit of a fund.

“Exchange” means the TSX, or such other designated exchange on which the ETF Units of a fund may be listed from time to time.

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

“funds” means, collectively, Black Diamond Global Enhanced Income Fund, Black Diamond Global Equity Fund and Black Diamond Distressed Opportunities Fund and **“fund”** means any one of them.

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

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

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

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

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

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

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

“mutual fund units” means the Class A Units, Class F Units, Class I Units, Class TA3 Units, and Class TF3 Units of a fund, as applicable.

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

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

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

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

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

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

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

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

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

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

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

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

“**Units**” means the Class A Units, Class F Units, Class I Units, Class TA3 Units, Class TF3 Units and ETF Units of a fund, as applicable.

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

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

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

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

What is a mutual fund?

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

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

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

What do you own?

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

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 the mutual 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.

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

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

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

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

The general risks with investing in a mutual fund include:

Price fluctuation

The price of a mutual fund's units will generally vary with the value of the securities it holds. Changes in interest rates, economic and stock market conditions or new company information, for example, may influence the value of securities held by a mutual fund. When you redeem units of a mutual fund, their value may be less than your original investment. Changes in rates and market conditions may also cause the value of a mutual fund's units to change from day to day.

No guarantees

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

Alternative Mutual Funds

The Alternative Funds are considered "alternative mutual funds", as defined in NI 81-102. This permits them to use strategies generally prohibited to conventional mutual funds, such as the ability to invest more than 10% of its net asset value in securities of a single issuer, the ability to invest in physical commodities or specified derivatives, to borrow cash, to short sell beyond the limits prescribed for conventional mutual funds and to generally employ leverage.

Suspension of redemptions

Under exceptional circumstances, a mutual fund may suspend redemptions. See "Purchases, switches and redemptions – When you may not be allowed to redeem your units" on page 27 for more information.

How can an investor in a mutual fund manage risk?

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

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

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

Each fund also has specific risks. The description of each fund, starting on page 51, sets out the specific risks that apply to that fund or to the underlying fund in which it invests. Set forth below, in alphabetical order, is a description of each of those risks.

Absence of an active market for the ETF Units

Although the ETF Units of a fund are listed on an Exchange, there can be no assurance that an active public market for the ETF Units will develop or be sustained.

Capital depreciation risk

The securities of the funds aim to make regular cash distributions that may include returns of capital. In the case of Class TA3 Units and Class TF3 Units, regular monthly distributions may consist, in whole or in part, of a return of capital based on a targeted distribution rate of 3% per annum of the net asset value per Class TA3 Unit or Class TF3 Unit, as applicable, as determined on December 31 of the prior year (or on an initial issue price of \$20.00, where a new class is launched).

A return of the original investment means a portion of the cash flow given back to the investor is the money that was invested in the fund originally, as opposed to the returns or income generated by the investment. A return of the original investment reduces the NAV of the particular class of the fund and also reduces the assets available to investors who continue to invest in the fund. As well, a return of the original investment reduces the total assets of the fund available for investment, which may reduce the ability of the fund to generate future income.

For Class TA3 Units and Class TF3 Units, the target distribution rate should not be confused with a fund's "yield" or "rate of return". An investor should not draw any conclusions about a fund's investment performance from the amount of the target distributions.

Cease trading of constituent securities risk

If constituent securities are cease-traded at any time by a securities regulatory authority or other relevant regulator or stock exchange, Purpose may suspend the exchange or redemption of securities until such time as the transfer of the securities is permitted by law.

Changes in legislation risk

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

Commodity risk

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

Concentration risk

To the extent that a fund's investments are concentrated in a particular sector, region or asset class, the fund may be susceptible to loss due to adverse occurrences affecting that sector, region or asset class. 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 lower the diversification of the funds and may make the volatility of net asset value of the funds relatively greater.

Credit risk

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

Currency risk

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

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

Cybersecurity risk

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

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

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

Derivative risk

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

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

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

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

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

Equity investment risk

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

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

Convertible securities

Convertible securities are fixed-income securities, preferred stocks or other securities that are convertible into common stock or other securities. The market value of convertible securities tends to decline as interest rates increase and, conversely, to increase as interest rates decline. A convertible security's market value, however, tends to reflect the market price of the issuer's common stock when that price approaches or exceeds the convertible security's "conversion price". The conversion price is defined as the predetermined price at which the convertible security could be exchanged for the associated stock. As the market price of the common stock declines, the price of the convertible security tends to be influenced more by the yield of the convertible security. Thus, it may not decline in price to the same extent as the underlying common stock.

In the event of a liquidation of the issuing company, holders of convertible securities would be paid before the company's common stockholders but after holders of any senior debt obligations of the company. Consequently, the issuer's convertible securities generally entail less risk than its common stock but more risk than its senior debt obligations.

Fluctuations in NAV and NAV per unit risk

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

The outbreak in December 2019 of the novel strain of coronavirus designated as COVID-19 has caused substantial economic volatility and declines in financial markets globally as well as general concern and uncertainty. The impact of COVID-19, as well as other unexpected disruptive events, may be short term or may last for an extended period of time and may have effects that cannot be foreseen at the present time. These events could also adversely affect a fund's performance and may lead to losses on your investment in a fund.

Foreign investment risk

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

- (a) Companies outside of Canada may be subject to different regulations, standards, reporting practices and disclosure requirements than those that apply in Canada.

- (b) The legal systems of some foreign countries may not adequately protect investor rights.
- (c) Political, social or economic instability may affect the value of foreign securities.
- (d) Foreign governments may make significant changes to tax policies which could affect the value of foreign securities.
- (e) Foreign governments may impose currency exchange controls that prevent a fund from taking money out of the country.

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

Futures contract liquidity risk

Futures contracts may not be liquid and their trading frequently involves high transaction costs. U.S. futures exchanges have regulations that limit the magnitude of fluctuations that may occur in futures contract prices during a single trading day. These limits are generally referred to as “daily price fluctuation limits” and the maximum or minimum price on a contract on any given day as a result of these limits is referred to as a “limit price”. Once the limit price is reached on a contract, no trades may be made at a price that is greater or less than the limit price, as the case may be. The imposition of limit prices or trading suspensions may force the sale of a contract at a disadvantageous price or time or preclude trading in the contract altogether. This could adversely affect the NAV per unit of a fund, as well as a fund’s ability to meet subscription, exchange and redemption requests.

Futures contract margin risk

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

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

High yield securities risk

High yield securities risk is the risk that securities that are rated below investment grade (below “BBB-” by Standard & Poor’s® Rating Services, a division of The McGraw-Hill Companies, Inc., or by Fitch Rating Service Inc. or below “Baa3” by Moody’s® Investor’s Services, Inc.), or are unrated at the time of purchase, may be more volatile than higher-rated securities of similar maturity. High yield securities may also be subject to greater levels of credit or default risk than higher-rated securities. The value of high yield securities can be adversely affected by overall economic conditions, such as an economic downturn or a period of rising interest rates, and high yield securities may be less liquid and more difficult to sell at an advantageous time or price or to value than higher-rated securities. In particular, high yield securities are often issued by smaller, less creditworthy companies or by highly leveraged firms, which are

generally less able than more financially stable firms to make scheduled payments of interest and principal.

Interest rate risk

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

Leverage Risk – Alternative Funds Only

When an Alternative Fund makes investments in derivatives, borrows cash for investment purposes, or uses physical short sales on equities or other portfolio assets, leverage may be introduced into the Alternative Fund. Leverage occurs when a fund's notional exposure to underlying assets is greater than the amount invested. It is an investment technique that magnifies gains and losses. Consequently, any adverse change in the value or level of the underlying asset, rate or index may amplify losses compared to those that would have been incurred if the underlying asset had been directly held by the fund and may result in losses greater than the amount invested in the derivative itself. Leverage may increase volatility, may impair a fund's liquidity and may cause a fund to liquidate positions at unfavorable times.

Liquidity risk

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

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

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

If a fund is unable to dispose of some or all of the securities held by it, that fund may experience a delay in the receipt of the proceeds of disposition until such time as it is able to dispose of such securities or may be able to do so only at prices which may not reflect the true value of such investments. Likewise, if certain securities are particularly illiquid, the manager may be unable to acquire the number of securities it would like to at a price acceptable to the manager on a timely basis.

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

Multi-class risk

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

Performance fee risk – Alternative Funds Only

As described in this document, the manager is entitled to receive a performance fee from an Alternative Fund in respect of each class offered by the Alternative Fund. The performance fee theoretically may create an incentive for the manager to make investments that are riskier than would be the case if such fee did not exist. In addition, because the performance fee is calculated on a basis that includes unrealized appreciation of a fund's assets, it may be greater than if such compensation were based solely on realized gains. Investors should be aware that, since the performance fee payable by an Alternative Fund in respect of a class is charged to the class, rather than individual accounts, the period used to calculate the performance fee may or may not match the period over which investors hold units.

Rebalancing and adjustment risk

Adjustments to baskets of securities held by such funds may be made to reflect adjustments to investment strategies or other reasons. Such adjustments may depend on the ability of Purpose and the designated broker to perform their respective obligations under the applicable designated broker agreement. If the designated broker fails to perform, a fund may be required to sell or purchase, as the case may be, constituent securities of the baskets of securities in the market. If this happens, such fund would incur additional transaction costs.

Reliance on the manager and sub-advisor risk

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

Risk of loss

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

Securities lending and repurchase and reverse repurchase transaction risk

Certain of the funds may enter into securities lending arrangements and repurchase and reverse repurchase transactions in accordance with NI 81-102 in order to generate additional income to enhance the NAV of a fund. In a securities lending transaction, a fund lends its securities to a borrower in exchange for a fee and the other party to the transaction delivers collateral to the fund in order to secure the transaction. A repurchase agreement takes place when a fund sells a security at one price and agrees to buy it back later from the same party at a higher price. A reverse repurchase agreement is the opposite of a repurchase agreement and occurs when the fund buys a security at one price and agrees to sell it back to the same party at a higher price. The other party to a securities lending transaction, repurchase agreement or reverse repurchase agreement delivers collateral to the fund in order to secure the transaction.

Securities lending, repurchase and reverse repurchase transactions comes with certain risks. If the other party to the transaction cannot complete the transaction, the fund may be exposed to the risk of loss should the other party default on its obligation to return the borrowed securities and the collateral be insufficient to reconstitute the portfolio of loaned securities. To minimize this risk, the other party must provide collateral that is worth at least 102% of the value of the fund's securities and of the type

permitted by NI 81-102. The value of the collateral is monitored daily and adjusted appropriately by the securities lending agent of the funds.

The funds that enter into securities lending transactions or repurchase transactions may not commit more than 50% of their NAV to securities lending or repurchase transactions at any time and such transactions may be ended at any time.

Short selling risk

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

Tax risk

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

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

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

to a trust that qualified as a “mutual fund trust” for the purposes of the Tax Act and meets certain asset diversification requirements.

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

Based on a recent amendment to the Tax Act, a fund is prohibited from claiming a deduction in computing its income for amounts of income that are allocated to redeeming unitholders and is limited in its ability to claim a deduction in computing its income for amounts of capital gains that are allocated to redeeming unitholders. As a result of these amendments, the taxable component of distributions to non-redeeming unitholders in a fund may increase.

A fund that has ETF Units, may be subject to rules in the Tax Act, (the “SIFT Rules”) which apply to trusts (defined as “SIFT trusts”), 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 in the Tax Act). A SIFT trust is effectively taxed on income and capital gains in respect of such non-portfolio properties at tax rates comparable to the rates that apply to income earned and distributed by Canadian public corporations. Distributions of such income received by unitholders of SIFT trusts are treated as eligible dividends from a taxable Canadian corporation. Each fund with ETF Units is not expected to hold one or more “non-portfolio properties” such that the fund should not be a SIFT trust.

Trading price of ETF Units

ETF Units may trade in the market at a premium or discount to the NAV per ETF 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 a fund’s NAV, as well as market supply and demand on the Exchange (or such other designated exchange on which the ETF Units of a fund 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.

Underlying fund risk

A fund may pursue its investment objectives indirectly by investing in securities of other funds, including ETFs and other alternative mutual funds, in order to gain access to the strategies pursued by those underlying funds. The risks of investing in such underlying funds include the risks associated with the securities in which an underlying fund invests, along with the other risks of an underlying fund. Accordingly, a fund takes on the risk of an underlying fund and its respective securities in proportion to its investment in the underlying fund. There can be no assurance that any use of such multi-layered fund of fund structures will result in any gains for a fund. If an underlying fund that is not traded on an exchange suspends redemptions, a fund will be unable to value part of its portfolio and may be unable to redeem units. In addition, the portfolio manager could allocate a fund’s assets in a manner that results in that fund underperforming its peers.

ORGANIZATION AND MANAGEMENT OF THE PURPOSE ALTERNATIVE MUTUAL FUNDS

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

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

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

Portfolio Advisor: The portfolio advisor is responsible for the investment portfolio of the funds. The portfolio advisor conducts research, selects, purchases, sells, and makes all investment decisions with regard to the portfolio securities of the funds.
Purpose Investments Inc.
Toronto, Ontario

Sub-Advisor: Black Diamond Asset Management Inc. been hired by Purpose to provide investment advice to the funds.
Black Diamond Asset
Management Inc.
Toronto, Ontario

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

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

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 is kept in Toronto.
TSX Trust Company
Toronto, Ontario

Auditor:
Ernst & Young LLP
Toronto, Ontario

As auditors, Ernst & Young LLP, Chartered Professional Accountants, Licensed Public Accountants, annually audit the financial statements of the funds to determine whether they fairly present, in all material respects, the funds' financial position, results of operations and changes in net assets in accordance with International Financial Reporting Standards. Ernst & Young LLP is independent of the funds within the meaning of the CPA Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

Securities Lending Agent:
CIBC Mellon Trust Company
Toronto, Ontario

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

Independent Review Committee:

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

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

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

Investments in underlying funds

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

PURCHASES, SWITCHES AND REDEMPTIONS

You can buy funds, transfer or convert from one fund to another (where permitted) through a qualified financial advisor or broker. Transferring, which involves moving money from one investment to another, and converting are also known as switching. Selling may also be known as "redeeming". When you are buying or selling Units of a fund directly with the fund, we base the transaction on the price of the Unit. The price per Unit is called the net asset value or "NAV" per unit. See "Purchases, switches and redemptions – How the securities of the funds are valued" on page 18.

ETF Units may be sold over an Exchange for the price then available in the market.

How the securities of the funds are valued

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

All transactions are based on the class net asset value per unit ("unit value"). We usually calculate the unit value for each class of a fund on each business day 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.

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

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

- (a) First, we determine the fair value of all of the investments and other assets allocated to the class.
- (b) Second, we subtract the liabilities allocated to that class from the fair value of such class. The difference between the fair value and the liabilities expressed in Canadian dollars at the applicable exchange rate on such date of a class is the net asset value for that class.
- (c) Lastly, we divide the net asset value for the class by the total number of units of that class that investors in the fund are holding, which gives us the NAV per unit for that class.
- (d) In respect of Units denominated in U.S. dollars, we calculate the NAV in Canadian dollars and convert it to U.S. dollars using that day's exchange rate. Please see "Optional Services – U.S. dollar purchase option" on page 32 for more details.

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

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

You may obtain the NAV per unit of the respective class of a fund by visiting by visiting Purpose's website at www.purposeinvest.com or by calling 1-877-789-1517.

How to buy, redeem and switch

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. Mutual fund units are also available for purchase in U.S. dollars. Units purchased in Canadian dollars are Canadian dollar denominated and mutual fund units purchased in U.S. dollars are U.S. dollar denominated.

Issuance of Mutual Fund Units

Class A Units

Class A Units are available to all investors through authorized dealers.

Class F Units

Class F Units are available to investors who have fee based accounts with their financial advisor or 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 financial advisor or broker for investment advice and other services. The manager does not pay any commissions to a dealer in respect of the Class F Units which allows the manager to charge a lower management fee.

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

Class I Units

Class I Units are available to institutional investors or to other investors on a case-by-case basis, in the manager's discretion. The manager does not pay any commissions to dealers in respect of Class I Units. If a securityholder ceases to be eligible to hold Class I Units, the manager may switch a securityholder's Class I Units into such other classes of units as may be agreed to by the manager after the manager provides the securityholder with 5 days' notice, unless the securityholder notifies the manager during the notice period and the manager agrees that the securityholder is once again eligible to hold Class I Units. Securityholders may be charged a sales commission in connection with the switch by their dealer.

Class TA3 Units

Class TA3 Units are available to all investors and are generally designed for investors seeking regular monthly cash flows. The targeted distribution rate for Class TA3 Units is three percent per annum. Targeted monthly distributions for Class TA3 Units will generally consist of net income and/or a return of capital.

You should not confuse the target distribution rate with a fund's rate of return or yield. Distributions paid to the holders of Class TA3 Units can either be reinvested in additional Class TA3 Units or paid in cash except for distributions paid in connection with Class TA3 Units that are held in a Registered Plan, other than a TFSA, which must be reinvested in Class TA3 Units.

Distributions paid in connection with Class TA3 Units that are held in a TFSA can either be reinvested in additional Class TA3 Units or paid in cash. Investors who are eligible to receive Class TA3 Units distributions in cash may opt to receive part of their distributions in cash with the remainder reinvested in additional Class TA3 Units.

Class TF3 Units

Class TF3 Units are available to investors who have fee based accounts with their financial advisor or dealer. The manager has designed the Class TF3 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 TF3 Units pay fees to their financial advisor or broker for investment advice and other services. The manager does not pay any commissions to a dealer in respect of the Class TF3 Units which allows the manager to charge a lower management fee.

If a unitholder ceases to be eligible to hold Class TF3 Units, the manager may switch a unitholder’s Class TF3 Units into Class TA3 Units of the same fund (if Class TA3 Units are offered by such fund) after providing the unitholder with 5 days’ notice, unless the unitholder notifies the manager during the notice period and the manager agrees that such unitholder is once again eligible to hold Class TF3 Units. Unitholders may be charged a sales commission in connection with the switch by their dealer.

Class TF3 Units are generally designed for investors seeking regular monthly cash flows. The targeted distribution rate for Class TF3 Units is three percent per annum. Targeted monthly distributions for Class TF3 Units will generally consist of net income and/or a return of capital.

You should not confuse the target distribution rate with a fund’s rate of return or yield. Distributions paid to the holders of Class TF3 Units can either be reinvested in additional Class TF3 Units or paid in cash except for distributions paid in connection with Class TF3 Units that are held in a Registered Plan, other than a TFSA, which must be reinvested in Class TF3 Units.

Distributions paid in connection with Class TF3 Units that are held in a TFSA can either be reinvested in additional Class TF3 Units or paid in cash. Investors who are eligible to receive Class TF3 Units distributions in cash may opt to receive part of their distributions in cash with the remainder reinvested in additional Class TF3 Units.

Initial investment – mutual fund units

An investment in mutual fund units requires unitholders to invest and maintain a minimum balance (in Canadian or U.S. dollars, as applicable). The table below outlines the minimums along with the minimum requirements for additional investments, pre-authorized purchase plans and redemptions of certain units.

Class	Minimum Balance⁽¹⁾⁽²⁾	Minimum Additional Investments/ Pre-authorized purchase plans/Redemptions⁽¹⁾⁽²⁾
A.....	\$5,000	\$100
F.....	\$5,000	\$100
L.....	N/A	N/A
TA3.....	\$5,000	\$100
TF3.....	\$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 in Canadian dollars or U.S. dollars as applicable.

See “Optional services” on page 29.

If your balance falls below the minimum required balance for a fund, or you otherwise become ineligible to hold mutual fund units, we may redeem your mutual fund units of the fund. Where a unitholder is or becomes a citizen or resident of the U.S. or a resident of any other foreign country, we may require such

unitholder to redeem their mutual fund units if their participation has the potential to cause adverse regulatory or tax consequences for a fund or other unitholders of the fund. We may redeem your mutual fund units of a fund if we are permitted or required to do so, including in connection with the termination of the fund, in accordance with applicable law. If we redeem your mutual fund units, the effect will be the same as if you initiated the transaction. For redemptions in non-registered accounts, we may transfer the proceeds to you, and for redemptions in Registered Plans, we may transfer the proceeds to a registered savings deposit within the plan. We will not give you or your dealer notice prior to taking any action.

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

When you place your order through a financial advisor, the financial advisor sends it to us. If we receive your order before the order cut-off time your order will be processed using that day’s NAV per unit. If we receive your order after the order cut-off time, your order will be processed using the next business day’s NAV per unit. If the manager determines that the NAV per unit will be calculated at a time other than after the usual valuation time, the NAV per unit paid or received will be determined relative to that time. All orders are processed within two business days. You will find more information about buying and redeeming mutual fund units in the annual information form of the funds. A dealer may establish earlier cut-off times. Check with your financial advisor for details.

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

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

We have the right to refuse any order to buy or switch mutual fund 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 are available to all investors. The ETF Units will be issued and sold on a continuous basis and there is no maximum number of ETF Units that may be issued. An investor will be able to buy or sell such securities on the Exchange in Canada 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.

All orders to purchase ETF Units directly from a fund must be placed by designated brokers or dealers. A fund reserves the absolute right to reject any subscription order placed by a designated broker or dealer. No fees will be payable by a 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 a fund.

Purpose, on behalf of each fund that offers ETF Units, has entered, or will enter, 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 Exchange'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 Exchange (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, or will provide, that Purpose may from time to time require the designated broker to subscribe for ETF Units of a fund for cash in a dollar amount not to exceed 0.30% of the NAV of the ETF Units of a 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, as applicable, 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 a fund. If a subscription order is received by a 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 of securities and cash in an amount sufficient so that the value of the securities 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; (iii) a combination of securities and cash, as determined by Purpose, in an amount sufficient so that the value of the securities and cash received is equal to the NAV of the ETF Units of the fund next determined following the receipt of the subscription order prior to the subscription cut-off time 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 a 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.

Short-term trading

Mutual fund units

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

Some investors may seek to trade mutual fund units frequently in an effort to benefit from differences between the value of the mutual fund units and the value of the underlying securities ("market timing").

Frequent trading in order to time the market or otherwise can negatively impact the value of a fund to the detriment of other unitholders of the fund. Excessive short-term trading can also reduce a fund's return because the fund may be forced to hold additional cash to pay redemption proceeds or, alternatively, to sell portfolio holdings, thereby incurring additional trading costs.

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

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

If you redeem or switch mutual fund units of a fund within 30 days of purchase, we may charge a short-term trading fee on behalf of the fund in circumstances where we determine that the trading activity represents market timing or excessive short-term trading. See "Fees and Expenses – Fees and expenses payable directly by you" on page 36. No short-term trading fees are charged on redemptions of a fund made under a systematic withdrawal plan or redemptions that may occur when an investor fails to meet the minimum investment amount for the fund. See "Purchases, switches and redemptions" on page 17.

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

- (a) pre-authorized or systematic withdrawal plans;
- (b) redemptions of mutual fund units purchased by the reinvestment of distributions; or
- (c) redemptions initiated by Purpose or the fund where redemption notice requirements have been established by Purpose.

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

Generally speaking, your trading may be considered excessive if you sell or switch your mutual fund 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.**

ETF Units

Notwithstanding the foregoing, at the present time, we are of the view that it is not necessary to impose any short-term trading restrictions on ETF Units 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 applicable fund for any costs and expenses incurred in relation to the trade

Purchases

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

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

When you buy Class A Units or Class TA3 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 or Class TA3 Units, as applicable, and you pay it to your dealer when you buy the units. Purpose is not involved in determining, collecting or paying any fees negotiated directly with your advisor.

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

ETF Units may be purchased on the Exchange.

Switches

Unitholders may not switch mutual fund units of a fund for ETF Units, ETF shares, mutual fund shares or ETF units of any other fund managed by Purpose. Holders of mutual fund units may convert units of any class into units of any other class of the same fund.

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

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

As noted above, if a unitholder ceases to be eligible to hold Class F Units, Class TF3 Units or Class I Units, as applicable, the manager may switch a unitholder's Class F Units, Class TF3 Units or Class I Units into Class A Units of the same fund (or Class TA3 Units in the case of Class TF3 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, Class TF3 Units or Class I Units, as applicable. Unitholders may be charged a sales commission in connection with the switch by their dealer.

Redemptions

Mutual fund units

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. Your dealer must send your redemption request on the same day it is received. The dealer must assume all associated costs. Redemption requests for a fund are processed in the order in which they are received. We will not process redemption requests specifying a forward date or specific price.

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

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

Within two business days following each valuation date, we will pay to each unitholder who has requested a redemption the value of the mutual fund 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 financial advisor will inform you of the documentation it requires. Your dealer must provide all required documents within 10 business days of the date your redemption order is processed. If not, we will repurchase the mutual fund units for your account. If the cost of repurchasing the mutual fund units of a fund is less than the redemption proceeds, the fund will keep the difference. If the cost of repurchasing the mutual fund units is more than the redemption proceeds, the dealer must pay the difference and any related costs. The dealer may require you to reimburse the amount paid if it suffers a loss.

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

ETF Units

Redemption of ETF Units for Cash

On any trading day, holders of ETF Units may redeem ETF Units of an applicable fund for cash at a redemption price per ETF Unit equal to the lesser of: (i) 95% of the market price of the ETF Units, on the effective date of redemption; and (ii) the net asset value 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 Exchange (or such other designated exchange on which the ETF Units of a 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.

Securityholders 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 of securities

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

To effect an exchange of a prescribed number of ETF Units, a holder of ETF Units must submit an exchange request in the form prescribed by Purpose from time to time to Purpose at its registered office by 9:00 a.m. (Toronto time) on a trading day (or such later time on such trading day as Purpose 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 ETF Units of the applicable fund on the effective day of the exchange request, payable by delivery of baskets of securities and cash. The ETF 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 baskets of securities and cash will be made by no later than the second trading day after the effective day of the exchange request. The securities to be included in the baskets of securities delivered on an exchange shall be selected by Purpose in its discretion.

Holders of ETF Units should be aware that the NAV per ETF Unit of a fund will decline by the amount of the dividend on the ex-dividend date, which is one trading day or such other day as announced by the manager prior to the dividend record date. A securityholder that is no longer a holder of record on the applicable dividend record date will not be entitled to receive that dividend.

Costs associated with exchange and redemption

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

When you may not be allowed to redeem your units

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

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

Special consideration 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 funds obtained exemptive relief from the securities regulatory authorities to permit holders of ETF Units to acquire more than 20% of the ETF Units of any fund through purchases on the Exchange (or such other designated exchange on which the ETF Units of a 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 that fund at any meeting of securityholders.

Non-resident securityholders

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

interim, shall suspend the voting and distribution rights attached to such units. Upon such sale, the affected holders shall cease to be beneficial holders of units and their rights shall be limited to receiving the net proceeds of sale of such units.

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

International information reporting

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

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

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 simplified prospectus to a holder of ETF Units mean, unless the context otherwise requires, the beneficial owner of such ETF Units.

Neither the funds, 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 funds have 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

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

Distributions payable on mutual fund units are automatically reinvested in additional mutual fund units of the same fund. 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

Each fund that offers ETF Units 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 such funds in accordance with the terms of the reinvestment plan and the dividend or 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 particular dividend/distribution record date should notify the CDS Participant through which the holder holds its ETF Units sufficiently in advance of that dividend/distribution record date to allow such CDS Participant to notify CDS by 4:00 p.m. (Toronto time) on the dividend/distribution record date.

Dividends or distributions, as the case may be, 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 dividends/distributions under the reinvestment plan will not relieve ETF plan participants of any income tax applicable to such dividends/distributions.

ETF plan participants may voluntarily terminate their participation in the reinvestment plan as of a particular dividend/distribution record date by notifying their CDS Participant sufficiently in advance of that dividend/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 dividend/distribution payment date after such notice is received from an ETF plan participant and accepted by a CDS Participant, dividends/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 Exchange (or such other designated exchange on which the ETF Units of a 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 Exchange (or such other designated exchange on which the ETF Units of a fund may be listed from time to time).

Pre-authorized cash contribution

Mutual fund units

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

Here is how the plan works:

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

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

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

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

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

ETF Units

ETF plan participants may also 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 a fund, you can open a systematic withdrawal plan. Here is how the plan works:

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

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

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

It is important to remember that if you withdraw more than your investment is earning, you will reduce and eventually use up your original investment. Remember, a systematic withdrawal plan is like a redemption. You are responsible for tracking and reporting to the CRA any capital gains or losses you realize on Units 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 securityholder, (i) provide a systematic withdrawal notice directly to the plan agent that the securityholder 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 securityholder no longer wishes to sell ETF Units or there remain no further ETF Units to be sold on behalf of such securityholder, 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 – mutual fund units only

You may purchase mutual fund units in U.S. dollars.

Registered Plans

Units may be purchased within all Registered Plans subject to tax rules that deal with prohibited investments. See “Income tax considerations for investors – Units held in a Registered Plan” on page 40.

Registered Plans receive special treatment under the Tax Act. A key benefit is that you do not pay tax on the money you earn in these plans until you withdraw it (other than withdrawals from a TFSA and certain withdrawals from RESPs and RDSPs). In addition, contributions to an RRSP are deductible from your taxable earnings up to your allowable limit. You should consult your tax advisor for more information about the tax implications of Registered Plans.

FEES AND EXPENSES

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

Being “no-load” classes, the type and level of expenses payable by Class F Units, Class I Units and Class TF3 Units may change. While you will be sent a written notice advising you of any increases in fees or other expenses payable by any such classes, or the introduction of a new fee or expense, at least 60 days prior to such increase or introduction being effective, securityholder approval will not be obtained. In connection with all other classes, the consent of securityholders is required before: (i) any change is made to the basis of the calculation of a fee or expense charged to a fund or directly to its securityholders by a non-arm’s length party (such as the fund or the Manager) in connection with the holding of securities of the fund, if such change could result in an increase in charges to the fund or securityholders; or (ii) the introduction of a fee or expense to be charged to the fund or securityholders by a non-arm’s length party

(like the fund or the Manager) is made in connection with the holding of securities of the fund. In the case of such changes by an arm's length party, no prior consent is needed but securityholders will be sent a written notice at least 60 days before the effective date of the change.

Fees and expenses payable by the funds	
Management fees	<p>Purpose, as manager of the funds, is entitled to a management fee payable by each fund. The management fee varies for each class of units of a fund. See the "Management Fee" row in the fund details table for each fund in this simplified prospectus for information on the maximum percentage of the management fee which you will be required to pay as an investor in the funds.</p> <p>Purpose is the manager, portfolio manager and promoter of the funds. Purpose manages the day-to-day business and operations of the funds and provides all general management and administrative services.</p> <p>No management fees or administration fees are payable by a fund that, to a reasonable person, would duplicate a fee payable by the underlying funds of that fund for the same service. In addition, the fund will not pay any sales fees or redemption fees upon a purchase or redemption of securities of an underlying fund. Any service fees paid by Purpose to your dealer, will be paid out of the management fee payable to Purpose.</p>
Management fee rebates	<p>To achieve effective and competitive management fees, Purpose may reduce the management fee borne by certain securityholders who have signed an agreement with Purpose. Purpose will pay out the amount of the reduction in the form of a management fee rebate directly to the eligible securityholder. Management fee rebates are reinvested in units unless otherwise requested. The decision to pay management fee rebates will be in Purpose's discretion and will depend on a number of factors, including the size of the investment and a negotiated fee agreement between the securityholder and Purpose. Purpose reserves the right to discontinue or change management fee rebates at any time.</p>
Incentive Fees – Alternative Funds Only	<p>Each class of an Alternative Fund will pay to Purpose in respect of each calendar year of the fund a performance bonus per Unit (the "Performance Bonus") equal to the percentage stated below of the amount by which the Adjusted Net Asset Value per Unit at the end of the fiscal year exceeds the highest year end Adjusted Net Asset Value per Unit previously achieved.</p> <p>For these purposes, "Adjusted Net Asset Value per Unit" of any class of Units of an Alternative Fund means the Net Asset Value per Unit of that class at the end of a fiscal year without giving effect to the accrual of any Performance Bonus, plus the aggregate amount of all distributions previously declared on a per Unit basis in respect of such class of Unit. The Performance Bonus for an Alternative Fund will be calculated and accrued each day the NAV of the fund is calculated, but will only be payable following the end of the fiscal year of the fund based on the actual annual performance of the fund.</p>

	<p>Notwithstanding the foregoing, no Performance Bonus will be payable with respect to any fiscal year of an Alternative Fund unless the Adjusted Net Asset Value per Unit of the fund at the end of such fiscal year exceeds the NAV per Unit at the end of the preceding year (or on the date the Units are first issued), plus the aggregate amount of all distributions previously declared on a per Unit basis, by a minimum percentage as stated below, and as applicable (the “Hurdle Rate”).</p> <p>If any Units of an Alternative Fund are purchased during the calendar year, the Hurdle Rate will be prorated in the calculation of the Performance Bonus with respect to those Units, in the same manner as described above.</p> <p>If any Units of an Alternative Fund are redeemed prior to the end of a calendar year, a Performance Bonus will be payable on the redemption date in respect of each such Unit in the same manner as described above. For greater certainty, the Hurdle Rate will be prorated in the calculation of the Performance Bonus on a Unit redeemed during the calendar year.</p>	
	<i>Performance Bonus</i>	<i>Hurdle Rate</i>
<i>Black Diamond Global Equity Fund</i>	10%	8%
<i>Black Diamond Distressed Opportunities Fund</i>	20%	0%

<p>Operating expenses</p>	<p>Each fund pays all its own operating expenses. These include but are not limited to brokerage commissions and fees, taxes, audit fees, legal fees and expenses, safekeeping, registrar and transfer agent fees, trustee and custodial fees, interest expenses, administrative costs, regulatory participation fees, investor servicing costs and costs of financial and other reports to investors, as well as renewal prospectuses.</p> <p>Each fund also pays the costs and any expenses related to the IRC. The compensation and other expenses of the IRC, including the costs of complying with NI 81-107, are paid pro rata by the fund and the other investment funds managed by the manager or its affiliates for which the IRC acts as the independent review committee. Such fees and expenses include compensation payable to each IRC member and travel expenses in connection with meeting attendance. Each IRC member receives an annual retainer of \$5,000, as well as a meeting fee of \$400 per investment fund per meeting attended. Other fees and expenses payable by the fund in connection with the IRC include insurance costs, legal fees, and attendance fees for educational seminars. These retainers, fees and expenses are allocated amongst the reporting issuer investment funds managed by the manager in a manner that is fair and reasonable to such investment funds.</p> <p>Operating expenses and other costs of the fund are subject to applicable taxes. The fund's share of the IRC's compensation will be disclosed in the fund's financial statements.</p> <p>As the funds each have more than one class of securities, the securityholders of each class of a fund bear their pro rata share of those expenses which are common to the operation of all classes, of the fund as well as those expenses which are attributable solely to that class.</p>
	<p>Effect of HST on MER</p> <p>A fund is required to pay HST on management fees and administration fees charged to the fund. In general, the HST rate depends on the residence of a fund's securityholders at a certain point in time. Changes in existing HST rates, changes to which provinces impose HST and changes in the breakdown on the residence of a fund's securityholders will have an impact on the management expense ratio of a fund year over year.</p>
<p>Fund of funds fees and expenses</p>	<p>The funds can invest in underlying funds managed by Purpose or an affiliate of Purpose or by third parties. In accordance with applicable laws, we cannot charge management fees to both the funds and the underlying funds where, to a reasonable person, that would result in the duplication of a fee for the same services.</p> <p>In addition, no sales charges or redemption fees are payable by the funds in relation to their purchases or redemptions of securities of an underlying fund if the underlying fund is managed by Purpose or an affiliate.</p>

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 or Class TA3 Units you buy. We deduct the sales charge from the amount you invest and pay it to your dealer as a commission.
Switch fees	If you switch: (i) between funds; (ii) your Units of one class for Units of a different class of the same fund; or (iii) the type of account in which you hold your Units, your dealer or financial advisor may charge you a fee of up to 2% of the amount you switch. In general, your dealer may receive a switch fee or a sales commission for your switch, but not both.
Redemption fees	None
Short-term trading fees	If a holder of mutual fund units redeems mutual fund units within 30 days of purchasing such units, the manager may charge a short-term trading fee on behalf of the applicable fund of up to 2% of the value of such mutual fund 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” on page 22.
Registered tax plan fees	Fees may be payable to a dealer if you transfer an investment within a Registered Plan to another financial institution. None of these fees are paid to Purpose.
Fees for fee-based accounts	You may have to pay an annual fee to your dealer based on the market value of your Units. The amount of the fee is determined between you and your financial advisor.
Failed orders	You may have to reimburse a dealer if it suffers a loss as a result of our having to redeem your Units, as the case may be, for insufficient payment. See “Purchases, switches and redemptions – How to buy and redeem” on page 18.
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.

Impact of sales charges

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

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

	Fee at time of purchase	1 year	3 years	5 years	10 years
Class A Units	\$50 ¹	Nil	Nil	Nil	Nil
Class F Units	Nil	Nil	Nil	Nil	Nil
Class I Units	Nil	Nil	Nil	Nil	Nil
Class TA3 Units	\$50 ¹	Nil	Nil	Nil	Nil
Class TF3 Units	Nil	Nil	Nil	Nil	Nil
ETF Units	Nil	Nil	Nil	Nil	Nil

Note:

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

PRICE RANGE AND TRADING VOLUME OF ETF UNITS

The following table sets out the market price range and monthly trading volume of the ETF Units of the funds on the Exchange for the calendar periods indicated.

Black Diamond Global Equity Fund – ETF Units			
	Price (\$)		
	High	Low	Volume
<u>2021</u>			
April	20.45	20.45	1,602
May	19.55	19.50	2,125
June	19.70	19.67	3,200
July	20.50	20.45	1,421
August	19.60	19.60	4,200

Black Diamond Distressed Opportunities Fund – ETF Units			
	Price (\$)		
	High	Low	Volume
<u>2021</u>			
April	20.52	20.21	14,787
May	19.76	19.45	11,935
June	20.44	19.65	6,079
July	18.68	15.24	8,816
August	14.27	14.17	559

DEALER COMPENSATION

How your investment professional and dealer are paid

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

Class A Units and Class TA3 Units

If you buy Class A Units or Class TA3 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 or Class TA3 Units, as described below. The funds may also charge a short-term trading fee if you redeem your units within 30 days of buying them.

Trailing Commission

We pay a service fee known as a “trailing commission” to your dealer either monthly or quarterly for ongoing services your dealer may provide to you on your Class A Units or Class TA3 Units. We do not pay service fees on Class F Units, Class I Units or Class TF3 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.

Fund	Annual Trailing Commission (Class A Units and Class TA3 Units)
Black Diamond Global Equity Fund	1.00% ⁽¹⁾
Black Diamond Distressed Opportunities Fund	1.00% ⁽¹⁾
Black Diamond Global Enhanced Income Fund	1.00%

Note:

(1) Plus applicable HST.

Class F Units and Class TF3 Units

We do not pay your dealer a commission if you buy Class F Units or Class TF3 Units. Investors who buy Class F Units or Class TF3 Units pay a negotiated fee to their dealer for investment advice and other services. The funds may also charge a short-term trading fee if you redeem your units within 30 days of buying them.

Class I Units

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

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.

Other forms of dealer support

We may participate in co-operative advertising programs with dealers to help them market the funds. 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, 2020, 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 14.4% 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 contains a general summary of the principal Canadian federal income tax considerations that generally apply to individuals who, for the purposes of the Tax Act, are resident in Canada, are not affiliated and deal at arm's length with the funds and hold Units of a fund as capital property. This summary is not intended to be legal or tax advice. You should consult with your own tax advisor to assess the tax implications of acquiring, holding, or disposing of Units of a fund based on your own unique circumstances.

For more detailed information, refer to "Income Tax Considerations" in the Annual Information Form.

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

How you earn income from the funds

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

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

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

Units held in a Registered Plan

Units of a fund will be qualified investments for trusts governed by a Registered Plan, provided that the fund qualifies as a “mutual fund trust” for the purposes of the Tax Act or the units are listed on a “designated stock exchange” for purposes of the Tax Act (which includes the TSX). Annuitants of RRSPs, RRIFs, subscribers of RESPs and holders of TFSAs and RDSPs should consult with their own tax advisors as to whether units of a fund would be a “prohibited investment” within the meaning of the Tax Act in their particular circumstances.

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

Any securities received on the redemption of ETF Units of a fund may not be qualified investments for registered plans.

Units not held in a Registered Plan

Distributions

If you hold Units of a fund outside of a Registered Plan, you are required to include in computing your income for tax purposes any net income and the taxable portion of any net capital gains (computed in Canadian dollars) distributed to you by the fund, whether you receive the distributions in cash or they are reinvested in additional Units of the fund (including distributions of management fee rebates).

The gross-up and dividend tax credit rules that apply to taxable dividends received from a taxable Canadian corporation, including the enhanced gross-up and dividend tax credit rules applicable to “eligible dividends,” will apply to such dividends that are designated to you by the fund.

A fund may also designate to you any of its realized capital gains. Such designated capital gains paid by a fund will be treated as realized capital gains to you. Distributions may include foreign exchange gains because the funds are required to report income and net realized capital gains in Canadian dollars for tax purposes. The taxation of capital gains is described under the subheading “Taxation of Capital Gains and Capital Losses” below.

A fund may also designate to you its foreign source income which will, effectively, retain its character for tax purposes and be treated as foreign source income earned by you. Foreign source income received by a fund will generally be net of any taxes withheld in the foreign jurisdiction. The taxes so withheld will be included in the determination of the fund’s income under the Tax Act. To the extent that a fund so designates, you will, for the purpose of computing foreign tax credits, be entitled to treat your proportionate share of such taxes withheld as though they were foreign taxes paid by you.

Distributions by a fund of management fee rebates will generally be paid out of net income or net realized capital gains of the fund.

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

A fund may pay a return of capital. For example, where distributions are in excess of the amount of income and capital gains distributed by a fund, the excess is a return of capital. A return of capital received from a fund is not taxable, but will reduce the adjusted cost base of your Units on which the

return of capital was paid. A management fee rebate may be paid in the form of a return of capital. If the adjusted cost base of your Units becomes a negative amount at any time in a taxation year, you will be deemed to realize a capital gain equal to that amount and the adjusted cost base of those Units will be reset to zero. The amount of any distributions reinvested in Units of the fund will be added to the adjusted cost base of those Units.

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

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

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.

Redeeming your Units

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

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

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

Each fund will provide you with details regarding your proceeds of disposition from a redemption of your Units of the fund. However, in order to calculate your capital gain (or capital loss) resulting from a redemption or other disposition of Units, you need to know the aggregate adjusted cost base of your Units before the disposition.

Calculating your capital gains or losses

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

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

Alternative minimum tax

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

WHAT ARE YOUR LEGAL RIGHTS?

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 shares or units of a mutual fund 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 funds have received exemptive relief from the Canadian securities regulatory authorities to permit the following:

- (a) the purchase by a securityholder of a fund of more than 20% of the ETF Units of that fund through purchases on a stock exchange without regard to the take-over bid requirements of Canadian securities legislation;
- (b) to relieve the funds from the requirement that a prospectus contain a certificate of the underwriters;
- (c) to relieve the funds 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 funds 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 funds file 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;

- (e) to treat the ETF Units and the mutual fund units of each fund as if such units were separate funds in connection with their compliance with the provisions of Parts 9, 10 and 14 of NI 81-102; and
- (f) the Alternative Funds have obtained exemptive relief from the restriction in subsection 5.1(4) of National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (“**NI 81-101**”) to permit their simplified prospectus to be consolidated with the simplified prospectus of one or more other mutual fund(s): (i) that are reporting issuers to which NI 81-101 and NI 81-102 apply, (ii) that are not alternative mutual funds, and (iii) for which Purpose, or an affiliate of Purpose, acts as the investment fund manager.

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

How to read these fund descriptions

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

Fund details

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

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

What does the fund invest in?

Investment objectives

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

Investment strategies

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

How the funds engage in securities lending

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

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

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

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

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

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

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

How the funds use derivatives

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

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

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

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

How the funds engage in short selling

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

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

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

Investing in underlying funds

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

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

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

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

Investing in ETFs

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

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

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

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

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

Action on portfolio adjustment

Whenever the portfolio of a fund allocable to the ETF Units is rebalanced or adjusted by adding securities to or subtracting securities from that portfolio, the applicable fund will generally acquire and/or dispose of the appropriate number of securities. On a rebalancing: (a) ETF Units may be issued, or cash may be paid, in consideration for constituent securities to be acquired by the fund as determined by Purpose or the investment advisor; and (b) ETF Units may be exchanged in consideration for those securities that Purpose or the investment advisor determines should be sold by the fund, or cash may be paid, as determined by Purpose or the investment advisor. Generally, such transactions may be implemented by a transfer of constituent securities to the fund that Purpose or the investment advisor determines should be acquired by the fund or a transfer of those securities that Purpose or the investment advisor determines should be sold by the fund.

What are the risks of investing in the fund?

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

Investment risk classification methodology

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

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

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

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

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

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

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

Who should invest in this fund?

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

Distribution policy

This section tells you how often the fund pays out distributions of income and capital gains or a return of capital and how they are paid. Distributions on mutual fund units are reinvested in additional mutual fund units of the same class of the fund unless you tell your dealer to inform us that you want them in cash. Distributions are not guaranteed and may change from time to time at our discretion. See "Income tax considerations for investors" on page 39 for more information.

Fund expenses indirectly borne by investors

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

We cannot provide information regarding fund expenses indirectly borne by investors in respect of a fund that has not completed a financial year. We cannot, therefore, provide information regarding fund expenses indirectly borne by investors in respect of the funds because the funds are newly created.

Additional information

Past performance and financial highlights

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

Policies and procedures regarding proxy voting

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

BLACK DIAMOND GLOBAL EQUITY FUND

Fund Type	Global Equity Fund - Alternative Fund	
Date Started	Class A units – September 29, 2020 Class F units – September 29, 2020 Class I units – September 29, 2020 Class TA3 units – September 29, 2020 Class TF3 units – September 29, 2020 ETF units – March 10, 2021	
Type of Securities	Class A units Class F units Class I units Class TA3 units Class TF3 units ETF units	
Management Fee	Class Class A units Class F units Class I units Class TA3 units Class TF3 units ETF units	Management Fee 1.65% ⁽¹⁾⁽²⁾ 0.65% ⁽¹⁾⁽²⁾ Holders of Class I units pay a negotiated management fee directly to Purpose of up to 0.65% per annum ⁽¹⁾⁽²⁾ 1.65% ⁽¹⁾⁽²⁾ 0.65% ⁽¹⁾⁽²⁾ 0.65% ⁽¹⁾⁽²⁾
Registered Plan/TFSA Eligibility	Eligible	

Note:

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

What does the fund invest in?

Investment Objectives

The fund's investment objectives are to provide unitholders with: (i) long-term capital growth, and (ii) current income. The fund will achieve its investment objectives by primarily investing in equity securities of companies anywhere in the world. The fund may also invest in other types of asset classes and securities that distribute, or may be expected to distribute, income.

The fund will use leverage. The leverage may be created through the use of cash borrowings, short sales or derivative contracts. The fund's leverage shall not exceed the limits on the use of leverage described in the "Investment Strategies" section in this Simplified Prospectus or as otherwise permitted under applicable securities legislation.

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

Investment Strategies

The portfolio advisor employs a disciplined investment process to construct a portfolio of attractively valued companies that combines the potential for growth and income generating ability from dividends

and derivatives instruments associated with the underlying securities. Stock selection is the primary contributor to value added, with attention paid to both upside potential and downside risk. Sector allocation and the use of derivatives in accordance with NI 81-102 are employed to manage overall portfolio risk.

In addition to equity securities (including common shares and preferred shares), the fund may invest in fixed-income securities, trust securities and other securities, including convertible bonds and warrants.

The portfolio advisor expects the fund's exposure to emerging markets will not comprise more than 25% of the fund's assets.

The fund may hold cash and/or short-term debt securities in anticipation of, or in response to, unfavourable market conditions; and/or for liquidity purposes.

The fund may hold a portion of its net assets in securities of other investment funds, including ETFs and other alternative mutual funds, in accordance with its investment objectives. Depending on market conditions, the portfolio advisor's investment style may result in a higher portfolio turnover rate than less actively managed funds. Generally, the higher the fund's portfolio turnover rate, the higher its trading expenses, and the higher the probability that you will receive a distribution of capital gains from the fund, which may be taxable if you hold the fund in a non-registered account. There is no proven relationship between a high turnover rate and the performance of a mutual fund.

The fund will, from time to time employ various investment strategies (described below), including the use of derivative instruments to generate income, reduce portfolio volatility and protect capital. These strategies are designed to generate income and provide protection from market declines.

The fund may (a) write cash-covered put options in respect of individual securities that the fund is permitted to hold and in respect of market indices, in order to receive premium income, reduce overall portfolio volatility and reduce the net cost of acquiring the securities subject to put options, (b) write covered call options on individual securities to seek to receive premium income, reduce overall portfolio volatility and enhance the portfolio's total return, (c) invest in or use warrants, ETFs and derivatives including but not limited to options, forward contracts, futures contracts and swaps for both hedging and non-hedging purposes to generate income, hedge against losses from changes in the prices of the fund's investments and market declines and from exposure to foreign currencies and/or gain exposure to individual securities and markets instead of buying the securities directly, to hedge against interest rate exposure, and/or (d) hold cash or fixed income securities for strategic reasons or to provide cover for the writing of cash covered put options in respect of securities in which the fund is permitted to invest. Options may be either exchange traded or over-the-counter options. The fund may enter into securities lending transactions to generate additional income in accordance with NI 81-102. The fund may invest in gold and silver, and other instruments (such as derivatives and ETFs) that provide exposure to these metals.

The fund may also enter into repurchase agreements, reverse repurchase agreements and/or securities lending transactions to generate additional income. The fund also may engage in short selling as permitted by securities regulations. In determining whether securities of a particular issuer should be sold short, the portfolio advisor uses the same analysis that is described above for deciding whether to purchase the securities. The fund will engage in short selling as a complement to the fund's current primary discipline of buying securities with the expectation that they will appreciate in market value.

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

Use of Leverage

As an “alternative mutual fund”, the fund is not subject to certain investment restrictions set out in NI 81-102 that restrict the ability of conventional mutual funds (other than alternative mutual funds) to leverage their assets through borrowing, short sales and/or derivatives. Investment decisions may be made for the assets of the fund that exceed the net asset value of the fund. As a result, if these investment decisions are incorrect, the resulting losses will be more than if investments were made solely in an unleveraged long portfolio as is the case in most conventional equity mutual funds. In addition, leveraged investment strategies can also be expected to increase a fund’s turnover, transaction and market impact costs, interest and other costs and expenses.

The fund may create leverage through the use of derivatives, short sales and/or borrowing. Under the investment restrictions applicable to alternative mutual funds in NI 81-102, the fund’s aggregate gross exposure, calculated as the sum of the following, must not exceed 300% of the fund’s NAV: (i) the aggregate value of outstanding indebtedness under any borrowing agreements; (ii) the aggregate market value of all securities sold short; and (iii) the aggregate notional value of the fund’s specified derivatives positions excluding any specified derivatives used for hedging purposes. If the fund’s aggregate gross exposure exceeds 300% of the fund’s NAV, the fund must, as quickly as is commercially reasonable, take all necessary steps to reduce the aggregate gross exposure to 300% of the fund’s NAV or less.

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.

As noted, the fund may use derivatives as permitted by securities regulations. It may use them to:

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

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

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

Securities lending

The fund may enter into securities lending transactions. A securities lending transaction is where the fund lends portfolio securities that it owns to a third party borrower. The borrower promises to return to the fund at a later date an equal number of the same securities and to pay a fee to the fund for borrowing the securities. While the securities are borrowed, the borrower provides the fund with collateral consisting of

a combination of cash and securities. In this way, the fund retains exposure to changes in the value of the borrowed securities while earning additional fees.

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

Short selling

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

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

Investing in underlying funds

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

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

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

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

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

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

Changes to investment strategies

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

Difference from Conventional Mutual Funds

The specific strategies that differentiate this fund from conventional mutual funds include: increased use of derivatives for hedging and non-hedging purposes, increased ability to sell securities short, and the ability to borrow cash to use for investment purposes. While these strategies will or may be used in accordance with the fund's investment objective and strategies, during certain market conditions they may accelerate the pace at which your investment decreases in value.

What are the risks of investing in the fund?

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

- (a) absence of an active market for the ETF Units;
- (b) fluctuations in NAV and NAV per unit;
- (c) credit risk;
- (d) leverage risk;
- (e) concentration risk;
- (f) risk of loss;
- (g) capital depreciation risk;
- (h) equity investment risk;
- (i) foreign investment risk;
- (j) interest rate risk;
- (k) currency risk;

- (l) commodity risk;
- (m) reliance on the manager and sub-advisor risk;
- (n) derivative risk;
- (o) futures contract liquidity risk;
- (p) futures contract margin risk;
- (q) tax risk;
- (r) liquidity risk;
- (s) cease trading of constituent securities risk;
- (t) changes in legislation risk;
- (u) multi-class risk;
- (v) rebalancing and adjustment risk;
- (w) short selling risk;
- (x) securities lending and repurchase and reverse repurchase transaction risk;
- (y) trading price of ETF Units;
- (z) underlying fund risk; and
- (aa) cyber security risk.

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

The fund's risk rating is determined by calculating its standard deviation for the most recent 10 years using monthly returns and assuming the reinvestment of all income and capital gains distributions in additional Units. To the extent that the fund does not have at least 10 years of performance history, we use a reference index that reasonably approximates, or that is reasonably expected to approximate, the standard deviation of the fund as a proxy. For this purpose, the reference index we used was the MSCI World Index (CAD). The MSCI World Index (CAD) tracks the performance of large-cap and mid-cap stocks across 23 developed markets. Please see "Specific information about each of the mutual funds described in this document – Investment risk classification methodology" on page 48 for a description of how we determined the classification of this fund's risk level.

Who should invest in this fund?

This fund may be right for you if:

- (a) you are seeking equity exposure to companies throughout the world;
- (b) you want capital growth over the long term;

- (c) you are investing for the medium and/or long term; and
- (d) you can tolerate low-to-medium risk.

Distribution Policy

For Class A Units, Class F Units and Class I Units

The fund expects to pay distributions monthly, if any. **Distributions are reinvested in additional Units unless you tell your financial advisor to inform us that you want them in cash.** Distributions are not guaranteed and may change from time to time at our discretion. Distributions of any excess income are determined and made annually in December and distributions of any excess capital gains are made annually in December.

See “Income tax considerations for investors” on page 39 for more information.

For Class TA3 Units and Class TF3 Units

We distribute income and/or return of capital monthly and capital gains, if any, annually in December. We make monthly distributions based on a target distribution rate of 3% per annum of the net asset value per security of the fund determined as at December 31 of the prior year.

For investors who purchase Class TA3 Units and Class TF3 Units in a non-registered account, these distributions will be automatically paid in cash unless you tell us that you would prefer distributions to be reinvested in additional Class TA3 Units or Class TF3 Units, as applicable. If you hold your Class TA3 Units or Class TF3 Units in a Registered Plan, other than a TFSA, any distributions must be reinvested in additional Class TA3 Units or Class TF3 Units, as applicable. Distributions paid in connection with Class TA3 Units or Class TF3 Units that are held in a TFSA can either be reinvested in additional Class TA3 Units or Class TF3 Units, as applicable, or paid in cash. Investors who are eligible to receive Class TA3 Units or Class TF3 Units distributions in cash may opt to receive part of their distributions in cash with the remainder reinvested in additional Class TA3 Units or Class TF3 Units, as applicable.

Cash payments may be subject to a minimum threshold which may be determined by us and changed without notice to you.

In December of each year, we will pay or make payable to securityholders sufficient net income and net realized capital gains so that the fund will not be liable for income tax. If the targeted monthly amount paid to holders of Class TA3 Units and Class TF3 Units in December is less than the amount that is required to be paid or made payable to holders of those securities to eliminate the fund’s liability for income tax, the distribution in December on Class TA3 Units and Class TF3 Units will be increased (and the effective distribution rate for the year will exceed 3%). If the targeted monthly amount paid to holders of Class TA3 Units and Class TF3 Units in December is greater than the amount that is required to be paid or made payable to holders of those securities to eliminate the fund’s liability for income tax, the difference will be a return of capital. If you have elected to receive your monthly distribution in cash and not reinvest the distributions, it is expected that the value of your investment in the fund will decline more rapidly over time.

The character for Canadian tax purposes of monthly distributions made on Class TA3 Units and Class TF3 Units during the year will not be determined with certainty until after the end of the fund’s taxation year.

The target distribution rate may be adjusted from time to time. If the target distribution rate is increased beyond 3% per annum, it may result in a larger amount being distributed as a return of capital. A return of capital distribution is not taxable but reduces the adjusted cost base of your securities. You should not confuse the target distribution rate with the fund's rate of return or yield. Returns of capital will result in a reduction of a securityholder's original investment and may result in the return to a securityholder of the entire amount of the securityholder's original investment. You should consult your tax advisor regarding the tax implications of receiving monthly income and/or return of capital with respect to Class TA3 Units and Class TF3 Units. See "Capital Depletion Risk" for more information about the risks associated with depletion of capital.

Distributions on Class TA3 Units and Class TF3 Units are not guaranteed to occur on a specific date and the fund is not responsible for any fees or charges incurred by you because the fund did not effect a distribution on a particular day. The fund may at its discretion change its distribution policy from time to time.

ETF Units

The fund expects to pay distributions monthly, if any. Distributions are reinvested in additional Units unless you tell your financial advisor to inform us that you want them in cash. Distributions are not guaranteed and may change from time to time at our discretion. Distributions of any excess income are determined and made annually in December and distributions of any excess capital gains are made annually in December."

Fund Expenses Indirectly Borne By Investors

Information regarding fund expenses indirectly borne by investors is not available because this fund has not yet completed a financial year.

BLACK DIAMOND DISTRESSED OPPORTUNITIES FUND

Fund Type	Distressed Opportunities Fund - Alternative Fund	
Date Started	September 29, 2020	
Type of Securities	Class A units – September 29, 2020 Class F units – September 29, 2020 Class I units – September 29, 2020 ETF units – March 10, 2021	
Management Fee	Class	Management Fee
	Class A units	2.00% ⁽¹⁾ (2)
	Class F units	1.00% ⁽¹⁾ (2)
	Class I units	Holder of Class I units pay a negotiated management fee directly to Purpose of up to 0.25% per annum ⁽¹⁾⁽²⁾
	ETF units	1.00% ⁽¹⁾ (2)
Registered Plan/TFSA Eligibility	Eligible	

Note:

(1) Plus applicable HST.

(2) The manager may from time to time, in its own discretion, waive a portion of the management fee resulting in a reduction of the management fee charged. To the extent a portion of the management fee is waived, the manager reserves the right to stop such waiver at any time and without notice to, or the consent of, unitholders.

What does the fund invest in?

Investment Objectives

The fund's investment objectives are to provide unitholders with long-term capital growth. The fund will focus on distressed investment opportunities and, specifically, securities which appear to be trading below their estimated intrinsic value. The fund will achieve its investment objectives by investing in a broad range of foreign equities, domestic equities and fixed income securities. The fund may also invest in other types of securities of fixed income securities, including convertible and high-yield bonds and government securities of emerging or other countries.

The fund will use leverage. The leverage may be created through the use of cash borrowings, short sales or derivative contracts. The fund's leverage shall not exceed the limits on the use of leverage described in the "Investment Strategies" section in this Simplified Prospectus or as otherwise permitted under applicable securities legislation.

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

Investment Strategies

The portfolio advisor employs an investment approach which is based on a fundamental value philosophy: invest in securities which are trading below their estimated intrinsic value, determined by reviewing corporate balance sheets, earnings statements, dividend records, business prospects, management strengths and potential catalysts to realize securityholder value. Such opportunities may result from a variety of factors, including, but not limited to adverse events, consumer, credit and capital

market conditions (including overly pessimistic market expectations and panic), that are overly reflected in price.

The fund may invest in corporate debt and sovereign fixed-income securities that are rated below investment grade (“BB” or lower) by S&P or an equivalent rating from another recognized credit rating organization, including debt of entities that are in bankruptcy.

The fund may invest the majority of its assets in the securities of companies in a single country or a single industry depending on prevailing market conditions.

The fund may hold cash and/or short-term debt securities in anticipation of, or in response to, unfavourable market conditions; and/or for liquidity purposes.

The fund may hold a portion of its net assets in securities of other investment funds, including ETFs and other alternative mutual funds, in accordance with its investment objectives. Depending on market conditions, the portfolio advisor’s investment style may result in a higher portfolio turnover rate than less actively managed funds. Generally, the higher the fund’s portfolio turnover rate, the higher its trading expenses, and the higher the probability that you will receive a distribution of capital gains from the fund, which may be taxable if you hold the fund in a non-registered account. There is no proven relationship between a high turnover rate and the performance of a mutual fund.

The fund will, from time to time employ various investment strategies (described below), including the use of derivative for income generation, downside protection and leverage. These strategies are designed to generate income and provide protection from market declines.

The fund may (a) write cash-covered put options in respect of individual securities that the fund is permitted to hold and in respect of market indices, in order to receive premium income, reduce overall portfolio volatility and reduce the net cost of acquiring the securities subject to put options, (b) write covered call options on individual securities to seek to receive premium income, reduce overall portfolio volatility and enhance the portfolio’s total return, (c) invest in or use warrants, ETFs and derivatives including but not limited to options, forward contracts, futures contracts and swaps for both hedging and non-hedging purposes to generate income, hedge against losses from changes in the prices of the fund’s investments and market declines and from exposure to foreign currencies and/or gain exposure to individual securities and markets instead of buying the securities directly, to hedge against interest rate exposure, and/or (d) hold cash or fixed income securities for strategic reasons or to provide cover for the writing of cash covered put options in respect of securities in which the fund is permitted to invest. Options may be either exchange traded or over-the-counter options. The fund may enter into securities lending transactions to generate additional income. The fund may invest in gold and silver, and other instruments (such as derivatives and ETFs) that provide exposure to these metals.

The fund may also enter into repurchase agreements, reverse repurchase agreements and/or securities lending transactions to generate additional income. The fund also may engage in short selling of debt and/or equity securities which the manager believes are overvalued based on its traditional fundamental research and analysis of such securities. These may include securities of issuers with deteriorating fundamentals and weak balance sheets.

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

Use of Leverage

As an “alternative mutual fund”, the fund is not subject to certain investment restrictions set out in NI 81-102 that restrict the ability of conventional mutual funds (other than alternative mutual funds) to leverage their assets through borrowing, short sales and/or derivatives. Investment decisions may be made for the assets of the fund that exceed the net asset value of the fund. As a result, if these investment decisions are incorrect, the resulting losses will be more than if investments were made solely in an unleveraged long portfolio as is the case in most conventional equity mutual funds. In addition, leveraged investment strategies can also be expected to increase a fund’s turnover, transaction and market impact costs, interest and other costs and expenses.

The fund may create leverage through the use of derivatives, short sales and/or borrowing. Under the investment restrictions applicable to alternative mutual funds in NI 81-102, the fund’s aggregate gross exposure, calculated as the sum of the following, must not exceed 300% of the fund’s NAV: (i) the aggregate value of outstanding indebtedness under any borrowing agreements; (ii) the aggregate market value of all securities sold short; and (iii) the aggregate notional value of the fund’s specified derivatives positions excluding any specified derivatives used for hedging purposes. If the fund’s aggregate gross exposure exceeds 300% of the fund’s NAV, the fund must, as quickly as is commercially reasonable, take all necessary steps to reduce the aggregate gross exposure to 300% of the fund’s NAV or less.

Derivatives

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

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

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

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

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

Securities lending

The fund may enter into securities lending transactions. A securities lending transaction is where the fund lends portfolio securities that it owns to a third party borrower. The borrower promises to return to the fund at a later date an equal number of the same securities and to pay a fee to the fund for borrowing the securities. While the securities are borrowed, the borrower provides the fund with collateral consisting of

a combination of cash and securities. In this way, the fund retains exposure to changes in the value of the borrowed securities while earning additional fees.

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

Short selling

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

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

Investing in underlying funds

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

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

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

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

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

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

Changes to investment strategies

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

Difference from Conventional Mutual Funds

The specific strategies that differentiate this fund from conventional mutual funds include: increased use of derivatives for hedging and non-hedging purposes, increased ability to sell securities short, and the ability to borrow cash to use for investment purposes. While these strategies will or may be used in accordance with the fund's investment objective and strategies, during certain market conditions they may accelerate the pace at which your investment decreases in value.

What are the risks of investing in the fund?

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

- (a) absence of an active market for the ETF Units;
- (b) fluctuations in NAV and NAV per unit;
- (c) credit risk;
- (d) leverage risk;
- (e) concentration risk;
- (f) risk of loss;
- (g) capital depreciation risk;
- (h) equity investment risk;
- (i) convertible securities risk;
- (j) high yield securities risk;

- (k) foreign investment risk;
- (l) interest rate risk;
- (m) currency risk;
- (n) commodity risk;
- (o) reliance on the manager and sub-advisor risk;
- (p) derivative risk;
- (q) futures contract liquidity risk;
- (r) futures contract margin risk;
- (s) rebalancing and adjustment risk;
- (t) tax risk;
- (u) liquidity risk;
- (v) cease trading of constituent securities risk;
- (w) changes in legislation risk;
- (x) multi-class risk;
- (y) short selling risk;
- (z) securities lending and repurchase and reverse repurchase transaction risk;
- (aa) trading price of ETF Units;
- (bb) underlying fund risk; and
- (cc) cyber security risk.

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

The fund's risk rating is determined by calculating its standard deviation for the most recent 10 years using monthly returns and assuming the reinvestment of all income and capital gains distributions in additional Units. To the extent that the fund does not have at least 10 years of performance history, we use a reference index that reasonably approximates, or that is reasonably expected to approximate, the standard deviation of the fund as a proxy. For this purpose, the reference index we used was the following composite of market indices: ICE BofA US Distressed High Yield Index (90%); North American small cap index (10%). ICE BofA US Distressed High Yield Index tracks the performance of US dollar denominated below investment grade rated corporate debt publicly issued in the US domestic market. North American small cap index tracks the performance of small cap segment of the US and Canadian markets. Please see "Specific information about each of the mutual funds described in this document –

Investment risk classification methodology” on page 48 for a description of how we determined the classification of this fund’s risk level.

Who should invest in this fund?

This fund may be right for you if:

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

Distribution Policy

The fund expects to pay distributions monthly, if any. **Distributions are reinvested in additional Units unless you tell your financial advisor to inform us that you want them in cash.** Distributions are not guaranteed and may change from time to time at our discretion. Distributions of any excess income are determined and made annually in December and distributions of any excess capital gains are made annually in December. See “Income tax considerations for investors” on page 39 for more information.

Fund Expenses Indirectly Borne By Investors

Information regarding fund expenses indirectly borne by investors is not available because this fund has not yet completed a financial year.

BLACK DIAMOND GLOBAL ENHANCED INCOME FUND

Fund Type	Global Neutral Balanced Fund	
Date Started	Class A units - September 29, 2020 Class F units – September 29 , 2020 Class I units - September 29, 2020	
Type of Securities	Class A units, Class F units and Class I units	
Management Fee	Class	Management Fee
	Class A units	1.95% ⁽¹⁾⁽²⁾
	Class F units	0.95% ⁽¹⁾⁽²⁾
	Class I units	Holders of Class I units pay a negotiated management fee directly to Purpose of up to 0.25% per annum ⁽¹⁾⁽²⁾
Registered Plan/TFSA Eligibility	Eligible	

Note:

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

What does the fund invest in?

Investment Objectives

The fund’s investment objectives are to provide unitholders with: (i) income, and (ii) the potential for long-term capital growth, by investing primarily in equity securities, derivative instruments, fixed-income and/or income-oriented securities anywhere in the world.

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

Investment Strategies

The fund will generally invest 30% to 70% of its assets in any one asset class but may invest 0% to 100% of its assets in any one asset class. Allocations between asset classes are based on the portfolio advisor’s view of global economic conditions and/or the portfolio advisor’s assessment of relative valuations. When choosing securities for the fund, the portfolio advisor uses fundamental analysis to identify, select and monitor investments. The portfolio advisor performs industry analysis and specific company analysis, including a review of financial statements and other relevant factors. The fund will employ a flexible approach to meet its income objectives, allocating assets across credit quality, yields, structures, sectors, currencies and countries. The fund may invest up to 100% of its fixed-income exposure in any one sector, and can invest in all types of fixed-income securities from around the world, including but not limited to: high-yield corporate and government bonds. High-yield bonds have a credit rating below investment grade (rated “BB” or lower by S&P or an equivalent rating from another recognized credit rating organization) and are sometimes non-rated, investment grade corporate and government bonds, and floating-rate instruments.

Income-oriented equity securities in which the fund may invest may include, but are not limited to, dividend-paying equity securities, preferred shares and convertible preferred shares and trusts (including income trusts, business trusts, real estate investment trusts (REITs), royalty and resource trusts, utilities

and infrastructure trusts). The fund may keep a cash balance of up to 30% to be used as cash cover for put option writing strategies to generate income. Depending on market conditions, the fund may also invest a portion of its assets in equity securities that are not income-oriented.

The fund may hold cash and/or short-term debt securities in anticipation of, or in response to, unfavourable market conditions and/or for liquidity purposes. The fund may hold a portion of its net assets in securities of other investment funds, including ETFs, in accordance with its investment objectives.

The fund will, from time to time employ various investment strategies (described below), including the use of derivative instruments to generate income, reduce portfolio volatility and protect capital. These strategies are designed to generate income and provide protection from market declines.

The fund may (a) write cash-covered put options in respect of individual securities that the fund is permitted to hold and in respect of market indices, in order to receive premium income, reduce overall portfolio volatility and reduce the net cost of acquiring the securities subject to put options, (b) write covered call options on individual securities to seek to receive premium income, reduce overall portfolio volatility and enhance the portfolio's total return, (c) invest in or use warrants, ETFs and derivatives including but not limited to options, forward contracts, futures contracts and swaps for both hedging and non-hedging purposes to generate income, hedge against losses from changes in the prices of the fund's investments and market declines and from exposure to foreign currencies and/or gain exposure to individual securities and markets instead of buying the securities directly, to hedge against interest rate exposure, and/or (d) hold cash or fixed income securities for strategic reasons or to provide cover for the writing of cash covered put options in respect of securities in which the fund is permitted to invest. Options may be either exchange traded or over-the-counter options. The fund may enter into securities lending transactions to generate additional income in accordance with NI 81-102. The fund may invest in gold and silver, and other instruments (such as derivatives and ETFs) that provide exposure to these metals.

The fund may also enter into repurchase agreements, reverse repurchase agreements and/or securities lending transactions to generate additional income. The fund also may engage in short selling as permitted by securities regulations. In determining whether securities of a particular issuer should be sold short, the portfolio advisor uses the same analysis that is described above for deciding whether to purchase the securities. The fund will engage in short selling as a complement to the fund's current primary discipline of buying securities with the expectation that they will appreciate in market value.

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

Derivatives

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

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

- hedge its investments against losses from factors like currency fluctuations, stock market risks and interest rate changes; and

- invest indirectly in securities or financial markets, provided the investment is consistent with the fund's investment objective.

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

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

Securities lending

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

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

Short selling

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

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

Investing in underlying funds

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

- management style;

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

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

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

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

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

Changes to investment strategies

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

What are the risks of investing in the fund?

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

- (a) fluctuations in NAV and NAV per Unit;
- (b) concentration risk;
- (c) credit risk;

- (d) risk of loss;
- (e) capital depreciation risk;
- (f) equity investment risk;
- (g) foreign investment risk;
- (h) interest rate risk;
- (i) currency risk;
- (j) commodity risk;
- (k) reliance on the manager and sub-advisor risk;
- (l) derivative risk;
- (m) futures contract liquidity risk;
- (n) futures contract margin risk;
- (o) tax risk;
- (p) liquidity risk;
- (q) cease trading of constituent securities risk;
- (r) changes in legislation risk;
- (s) multi-class risk;
- (t) short selling risk;
- (u) securities lending and repurchase and reverse repurchase transaction risk;
- (v) underlying fund risk; and
- (w) cyber security risk.

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

The fund's risk rating is determined by calculating its standard deviation for the most recent 10 years using monthly returns and assuming the reinvestment of all income and capital gains distributions in additional Units. To the extent that the fund does not have at least 10 years of performance history, we use a reference index that reasonably approximates, or that is reasonably expected to approximate, the standard deviation of the fund as a proxy. For this purpose, the reference index we used was the following composite of market indices: ICE BofA US Cash Pay High Yield Index (20%); S&P/TSX North American Preferred Stock Index (20%); S&P/TSX Capped REIT Index (10%); S&P/TSX Dividend Index (20%); and FTSE TMX Canada Universe Bond Index (30%). ICE BofA US Cash Pay High Yield Index tracks the performance of US dollar denominated below investment grade corporate debt, currently in a coupon paying period and that is publicly issued in the US domestic market. S&P/TSX North

American Preferred Stock Index tracks the performance of all preferred shares trading in major exchanges in US and Canadian Markets. The S&P/TSX Capped REIT Index is a modified-market cap weighted index and represents a subset of the broad-based composite Index, in this case the Real Estate Income Trusts of the Financials GICS sector of the REIT marketplace. S&P/TSX Dividend Index tracks all stocks in the S&P/TSX Composite with positive annual dividend yields as of the latest rebalancing of the S&P/TSX Composite. FTSE TMX Canada Universe Bond Index tracks the performance of marketable government and corporate bonds outstanding in the Canadian market.

Who should invest in this fund?

This fund may be right for you if:

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

Distribution Policy

The fund expects to pay distributions monthly, if any. Distributions are reinvested in additional Units unless you tell your financial advisor to inform us that you want them in cash. Distributions are not guaranteed and may change from time to time at our discretion. Distributions of any excess income are determined and made annually in December and distributions of any excess capital gains are made annually in December. See “Income tax considerations for investors” on page 39 for more information.

Fund Expenses Indirectly Borne By Investors

Information regarding fund expenses indirectly borne by investors is not available because this fund has not yet completed a financial year.

PURPOSE MUTUAL FUNDS

BLACK DIAMOND GLOBAL EQUITY FUND BLACK DIAMOND DISTRESSED OPPORTUNITIES FUND BLACK DIAMOND GLOBAL ENHANCED INCOME FUND

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

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

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

These documents and other information about the funds, such as information circulars and material contracts, are also available at www.sedar.com.

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