

FUND COMMENTARY

# Purpose Core Equity Income Fund

## FUND DETAILS

<b>ETF TICKER</b> MGMT FEES	<b>RDE</b> 0.75%
<b>SERIES F</b> MGMT FEES	<b>PFC2901</b> 0.75%
<b>SERIES A</b> MGMT FEES	<b>PFC2900</b> 1.75%

Inception date: **NOV 16, 2015**

DISTRIBUTION FREQUENCY  
**Monthly**

FUND STRUCTURE  
**Corporate Class**

**The Purpose Core Equity Income Fund (F-Class) rose 3.61% in March, handily outperforming the S&P 500 (C\$)**

## FUND MANAGER



**Craig Basinger**

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## MARKET OVERVIEW

Risk markets dealt with a lot in the first quarter. They had to absorb a lot of big macro news from the war in Ukraine and associated sanctions on Russia, Covid flare-ups, and the troubling property crisis in China. Sprinkle in some high inflation and central bank pivots, and this pushed many equity markets into their first corrections (i.e., a drop of 10% or more) since the pandemic-induced bear of Q1 2020. However, in what may end up being a classic case of markets “climbing a wall of worry,” equity markets rose in March to offset much of the early damage.

The Purpose Core Equity Income Fund (F-Class) rose 3.61% in March, handily outperforming the S&P 500 (C\$) and largely in line with

the S&P/TSX Composite. Over the first quarter, the fund is up 6.46%, compared with 5.86% for the S&P 500 and 3.84% for the S&P/TSX Composite. This brings the trailing 1-year return to 29.35%.

Early in March, we continued to back off cyclicals as gold and oil prices approached all-time highs. We began this move on the break-out in February. As contrarians at heart, we wanted to sell the news. We’ve materially reduced the fund’s exposure to Energy, precious metals, as well as specific stocks that benefited from the crisis in Ukraine, such as Lockheed Martin, as the best time to sell is amid frantic buying.

## FUND PERFORMANCE

ALL PERFORMANCE DATA AS AT MARCH 31, 2022

PURPOSE CORE EQUITY INCOME FUND	1 MONTH	3 MONTHS	6 MONTHS	YTD	1 YEAR	3 YEARS	5 YEARS	SINCE INCEPTION
Series A	3.51%	6.46%	12.68%	6.46%	19.28%	12.71%	8.31%	8.82%
ETF	3.61%	6.74%	13.30%	6.74%	20.60%	13.96%	-	10.07%
Series F	3.61%	6.75%	13.30%	6.75%	20.61%	13.96%	9.43%	9.94%

Source: Morningstar

## FUND PERFORMANCE AND POSITIONING

The fund continues to lean less towards good's-sensitive companies and more towards services. Recent additions within the fund are Starbucks and Restaurant Brands. Besides continued tailwinds from reopening, service-based companies are also less impacted by global supply chains' continued mess. In March, the top contributors to the fund's performance were Nutrien, Cameco, and Loblaw's. Magna continued to detract from the fund's performance. The road to recovery in the auto space hit another setback with the conflict in Europe, but we believe pent-up demand will lead to sales normalization for the industry.

From a sector standpoint, the most notable overweights are healthcare, communication services, and real estate. Healthcare currently makes up 8.4% of the portfolio, not nearly as big as the fund's 24% exposure to financials, but relative to a benchmark of 75% TSX/25% SPX, the fund currently has an +8.4% overweight. This month we further added to core incomes healthcare exposure by adding to Medtronic. Both AstraZeneca and Medtronic are in the fund's top 10 positions, ranking 5th and 6th, respectively.

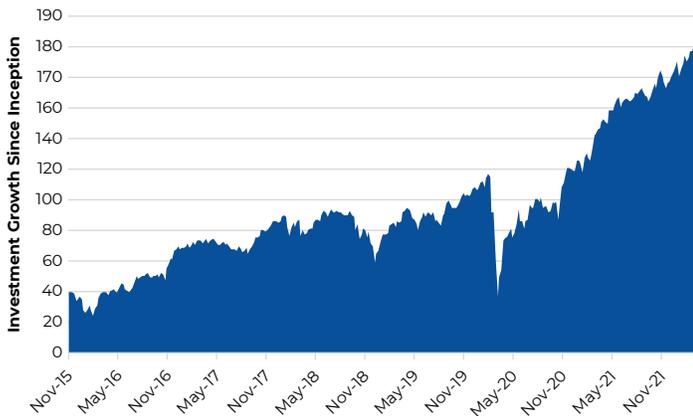
We don't doubt this relief rally could keep going or even make new highs. But 2022 is the year of volatility, and we believe another correction looms. Earnings expectations are high, and

we believe that equity fundamentals face a major down risk given the difficult macro backdrop. It does appear to be increasingly the time to start thinking a bit more defensively for what lies ahead.

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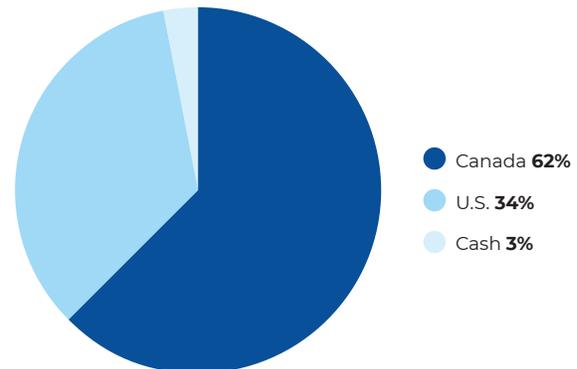
### INVESTMENT GROWTH

AS AT MAR 31, 2022



### COUNTRY ALLOCATION

AS AT MAR 31, 2022



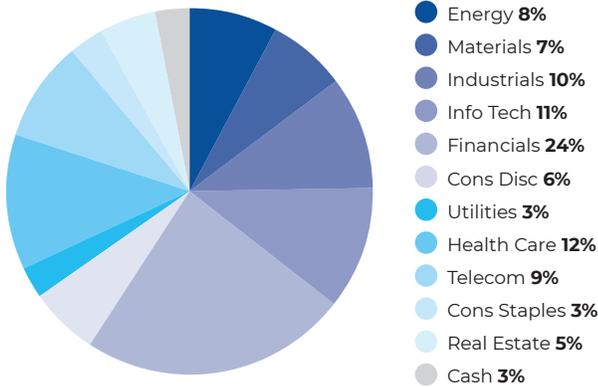
### TOP 10 HOLDINGS

AS AT MAR 31, 2022

NAME	WEIGHT
Royal Bank of Canada	4.6%
Rogers Communications Inc	4.3%
Bank of Nova Scotia/The	4.1%
Bank of Montreal	4.1%
AstraZeneca PLC	3.4%
Medtronic PLC	3.4%
Loblaw Cos Ltd	3.1%
Allied Properties Real Estate	3.0%
Algonquin Power & Utilities Co	3.0%
Barrick Gold Corp	2.8%

**INVESTMENT GROWTH**

AS AT MAR 31, 2022



**FUND OBJECTIVES**

- A steady stream of income from dividend-paying companies
- Long-term capital growth
- Exposure to Canadian and U.S. equity markets

**KEY ADVANTAGES**

- Dividend-focused investment strategy companies emphasizing dividend health & sustainability and free cash flow generation
- Flexibility to tactically overweight assets in specific sectors and invest up to 35% in U.S. stocks to provide greater return potential and increased diversification

**INVESTMENT PROCESS**



**RISK RATING**



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

<sup>2</sup> MSCI EAFE sector indices. All data sourced from Bloomberg and Purpose Investments, unless otherwise noted.

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

