

FUND COMMENTARY

Purpose Core Equity Income Fund

FUND DETAILS

ETF TICKER	RDE
MGMT FEES	0.75%
SERIES F	PFC2901
MGMT FEES	0.75%
SERIES A	PFC2900
MGMT FEES	1.75%

Inception date: NOV 16, 2015

DISTRIBUTION FREQUENCY
Monthly

FUND STRUCTURE
Corporate Class

Let’s just say it: despite all the headlines, twists, and surprises along the way, 2023 was a great year for investors.

FUND MANAGER



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MARKET OVERVIEW

Let’s just say it: despite all the headlines, twists, and surprises along the way, 2023 was a great year for investors. Despite the endpoint of the year being rather favourable, it certainly wasn’t a smooth line. Investors had to traverse everything from U.S.

bank failures, AI mania, war in the Middle East, volatile bond yields, and navigating every type of economic landing scenario. Through it all, investors who stuck with it were rewarded with very decent returns.

FUND PERFORMANCE AND POSITIONING

In December, the Purpose Core Equity Income fund (PFC2901-F Class) rose a commendable 3.13%. Slightly behind the 3.92% the S&P/TSX Composite returned, but well ahead of the 1.6% return of the S&P 500 in Canadian dollars. Year to date, the fund has returned 9.54%, an ample return considering the difficulties dividend stocks have had over the course of the year. With markets continuing on their winning streak, our elevated cash balance continued to detract from returns. However, we remain committed to prudent risk management, and at this point, after a nine-week winning streak in the markets and technical overbought levels, we're happy to leave some on the table if this means outperforming during any coming period of market weakness. For the time being, market conditions do not currently reflect the increased tail risk probabilities we see, especially in Canada.

Looking ahead into 2024, it will likely be a challenging year; however, our disciplined approach to portfolio construction has the portfolio maintaining a moderately defensive stance.

Financials, led by BMO, were the standout performers, driving December's performance. Despite this, we maintain a cautious stance on banks, feeling that the market rally may be too aggressive. Insurers, particularly Manulife, continue to perform well, reaching a fresh 14-year high.

In December, the U.S. Health Care stocks, including significant holdings in Merck, AstraZeneca, and Medtronic, underperformed. The sector remains subdued, with limited investor interest, as attention shifted decidedly towards Technology stocks in 2023. However, there are signs of improvement, as we're finally beginning to see some positive momentum in the U.S. Health Care names, which have lagged for much of the year.

Energy experienced a notable setback in December, primarily from producers Arc Resources and Suncor Energy. Despite a reduction in these positions earlier, we added back to Arc Resources in late December, considering the favourable conditions for rebuilding this position. Lower yields have positively impacted our pipeline investments, with Enbridge and TC Energy showing gains.

The most notable trade within the portfolio in December was selling all of our Algonquin Power and buying Northland Power. This decision is rooted in several key factors, and we believe it aligns with our objective of optimizing the portfolio for improved performance. A primary motivation behind this trade is the implementation of tax-loss selling.

Both Independent Power Producers (IPPs), Algonquin and Northland Power, have faced challenges in recent years. Factors such as rising interest rates and escalating costs have particularly impacted growth-focused utilities. Northland Power stands out with a more extensive renewable energy exposure, encompassing a combination of natural gas and renewables, including offshore and onshore

wind. The company has a robust development and construction program, positioning itself at the forefront of the global energy transition with multiple favourable industry tailwinds.

NPI boasts a diversified portfolio, with the majority of revenues generated through long-term contracts with creditworthy government or corporate counterparties. Furthermore, Northland Power is a significant player in global offshore wind, with a substantial growth pipeline. Northland Power's key growth drivers include offshore wind projects in the Netherlands, Germany, the UK, Poland, Taiwan, and South Korea. The company is also actively involved in onshore wind, battery storage, and hydrogen export, indicating a diversified and forward-looking approach to the evolving energy landscape.

Over the course of the month, we also slightly added to our position in Proctor and Gamble as well as Merck. Both have lagged in recent months, and we view both as extremely high-quality companies that can weather a return of market volatility.

Looking ahead into 2024, it will likely be a challenging year; however, our disciplined approach to portfolio construction has the portfolio maintaining a moderately defensive stance. Holding above-average cash and less cyclical exposure. We believe there is still enough market beta to benefit should the near-record winning streak for markets continue into January. The largest sector underweight remains Financials, and our largest overweights remain in defensive areas such as the U.S. Health Care, Telecom, and Utilities.

FUND PERFORMANCE

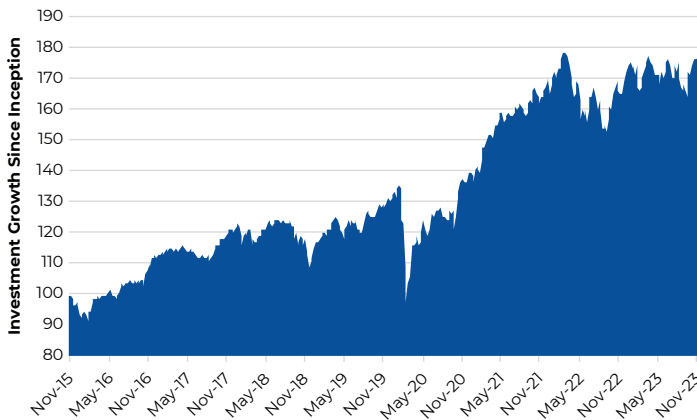
ALL PERFORMANCE DATA AS AT DEC 31, 2023

PURPOSE CORE EQUITY INCOME FUND	1 MONTH	3 MONTHS	6 MONTHS	YTD	1 YEAR	3 YEARS	5 YEARS	SINCE INCEPTION
Series A	3.03%	7.46%	3.98%	8.34%	8.34%	8.95%	9.24%	6.78%
Series F	3.13%	7.76%	4.56%	9.54%	9.54%	10.16%	10.45%	7.95%

Source: Morningstar

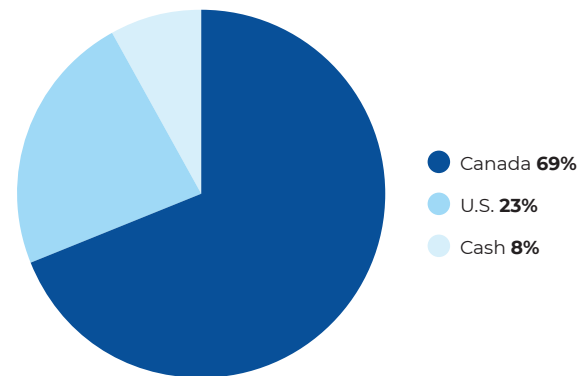
INVESTMENT GROWTH

AS AT DEC 31, 2023



COUNTRY ALLOCATION

AS AT DEC 31, 2023



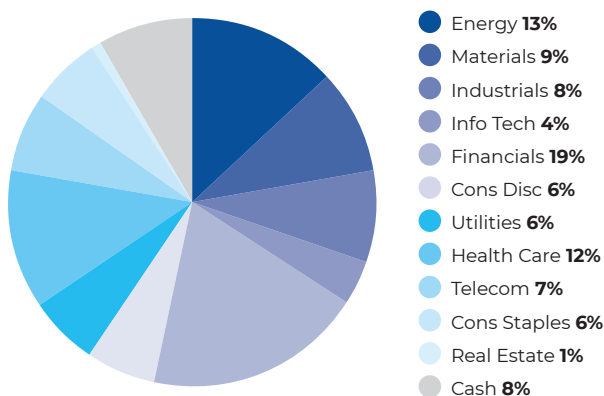
TOP 10 HOLDINGS

AS AT DEC 31, 2023

NAME	WEIGHT
Royal Bank of Canada	5.2%
TC Energy Corp	4.4%
Bank of Nova Scotia/The	4.3%
Emera Inc	4.2%
Barrick Gold Corp	4.1%
Bank of Montreal	4.0%
TELUS Corp	4.0%
Purpose Cash Management Fund	3.9%
Purpose USD Cash Management Fu	3.9%
Procter & Gamble Co/The	3.5%

INVESTMENT GROWTH

AS AT DEC 31, 2023



FUND OBJECTIVES

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

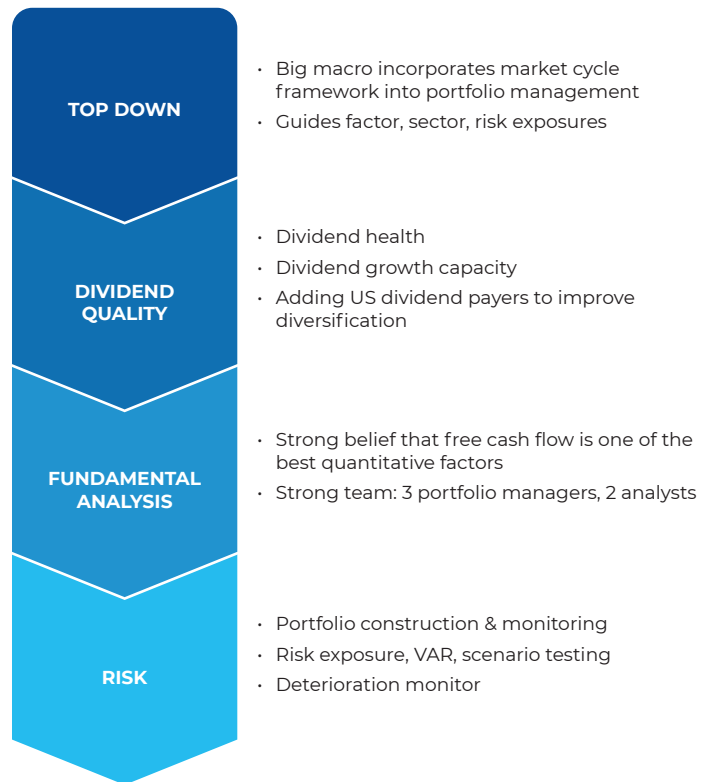
KEY ADVANTAGES

- 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

RISK RATING



INVESTMENT PROCESS



¹Contribution 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.

² 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.

