

**QUICK FACTS**

ETF SERIES	BHAV
MGMT FEE	1.00%
SERIES F	PFC2801
MGMT FEE	1.00%
SERIES A	PFC2800
MGMT FEE	2.00%
PERFORMANCE FEE*	10.00%

\*On the increase in the NAV in a year when performance of the Fund exceeds the positive return of the benchmark

**SEPTEMBER 2019**

Purpose Behavioural Opportunities Fund is the first of its kind in Canada: a fund focused on profiting from other investors' emotional mistakes. We all make mistakes when investing, overreacting to news, become anchored in our opinions, frame our decisions based on what we originally paid, and the list goes on. These mistakes detract from long-term investment performance and, under certain circumstances, can lead to mispriced assets or stocks. The Fund (BHAV) employs numerous strategies, each designed to profit from potentially mispriced assets/stocks caused by investors' emotions or behavioural biases. The Fund fell by -1.51% in August, bringing the year-to-date return to 12.6% and the one-year return to 0.04% (PFC2801, F Class).

August was a choppy month, with a return to volatility driving global markets lower. The market swings combined with the tail end of earnings season to create a multitude of behavioural opportunities. As is typically the case, the earnings overreaction strategy was the most active in August and currently accounts for nearly 50% of the Fund.

**INVESTMENT GROWTH**

Investment Growth Since Inception



Source: Richardson GMP, As at August 31 2019

**SUBADVISOR: RICHARDSON GMP /  
CONNECTED WEALTH®**

At Connected Wealth, Craig Basinger and his team manage upwards of \$600 million, with a focus on long term wealth building strategies. The team consists of three portfolio managers and two analysts, headed by Mr. Basinger, who has worked in investment management since 1995. Their guiding principles are transparency, cost efficiency, and connectedness.

Shopify is one of the Fund's big winners that continued to reach new highs throughout the month. We trimmed the position once in June, but continue to raise our stop-loss as the stock marches higher. This is just one example of how we manage risk in the portfolio, while letting our winners run. On the other hand, when markets experience bouts of volatility we do exit names that have fallen through our stop-loss levels.

While the Fund does tend to hold higher volatility names, it does implement strategies meant to mitigate significant market drops. Our herd hedge strategy is a prime example. When market sentiment is skewed and demonstrates irrational exuberance, we take a contrarian position in the options market. At the end of July, the Fund purchased additional out-of-the-money put options on the S&P 500. These deep put options help protect the portfolio from a large market downturn. In addition to our herd hedge, the Fund held elevated cash levels, ending the month with roughly 10% cash. Our emotional cascade strategy led to us holding a gold ETF (XGD), which rose 16% in August and continues to be a big winner in these volatile times.

**TOP HOLDINGS**

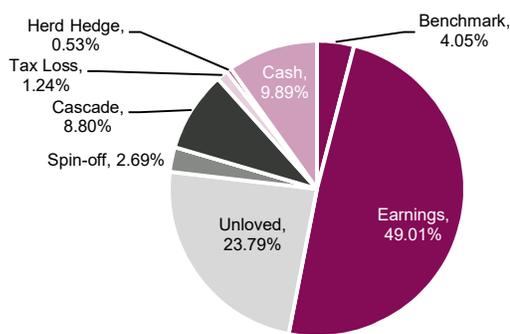
NAME	WEIGHT
INTERNATIONAL BUSINESS MACHINES CORP	2.70%
SHOPIFY INC - CLASS A	2.49%
CAE INC	2.19%
WEIGHT WATCHERS INTL INC	2.13%
CERIDIAN HCM HOLDING INC	2.04%
RITCHIE BROS AUCTIONEERS	2.02%
ISHARES S&P/TSX GLOBAL GOLD	1.93%
WHIRLPOOL CORP	1.76%
HOME CAPITAL GROUP INC	1.76%
JOHNSON CONTROLS INTERNATIONAL	1.72%

Source: Richardson GMP, As at August 31 2019

**THE STRATEGIES**

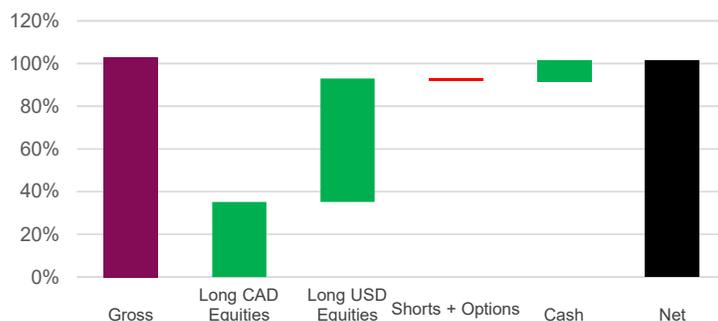
Strategy	Behavioural Bias	Description
Unloved to Less Unloved	Unloved to Less Unloved	Unloved companies – those with few analyst BUY ratings – tend to be neglected and beaten down. This long-only strategy is triggered by an unloved company receiving some upgrades and becoming less unloved
Earnings Overreaction	Earnings Overreaction	Availability bias causes investors to overreact to earnings in the short term. Asymmetric recovery found as higher-quality companies tend to recover from misses relatively quickly while lower-quality companies give back gains from positive surprises. This is a long/short strategy.
Emotional Cascade	Emotional Cascade	On spikes in news, investors often overreact, losing sight of the long term. This is especially evident when information is plentiful and one-sided, skewing the risk/return trade-off and creating an opportunity. This is a long/short strategy.
Indexing Bias	Indexing Bias	While somewhat counterintuitive, once a company is added to an index, it often underperforms for a period. Conversely, those removed often partially recover. This is a long/ short strategy.
Crowded Trades	Crowded Trades	Contrarian – when everyone is betting on one outcome, it is often the opposite that occurs. We use non-commercial open futures contracts to measure. As contrarian strategies often take time, we tend to use longer-dated options.
Neglect	Neglect	Small spin-offs are often discarded by portfolio managers as the positions are too small to matter. This creates temporary selling pressure, which this strategy takes advantage of. This is usually a long strategy.
Herd Hedge	Herd Hedge	When market sentiment is skewed in one direction and demonstrates irrational exuberance or pessimism, we take a contrarian position in the options market.

**STRATEGY ALLOCATION**



Source: Richardson GMP, As at August 31 2019

**PORTFOLIO EXPOSURE**



Source: Richardson GMP, As at August 31 2019

**DESIGNED FOR**

- Actively profiting from market inefficiencies and investors' predictable, emotional mistakes
- Long-term capital appreciation and diversification
- Exposure to Canadian and U.S. equity markets

**RISK RATING**



**PERFORMANCE**

	1-MO	3-MO	6-MO	YTD	1-YEAR	SINCE INCEPTION*
Purpose Behavioural Opportunities A	-1.61%	2.75%	1.83%	11.83%	-1.12%	1.17%
Purpose Behavioural Opportunities F	-1.51%	3.00%	2.36%	12.62%	0.04%	2.34%
S&P/TSX Composite TR	0.43%	3.32%	4.43%	17.13%	4.35%	3.57%
S&P 500 TR CAD	-0.41%	5.04%	7.10%	15.13%	4.88%	9.40%

\*The inception date of the Purpose Behavioural Opportunities Fund was January 17th, 2018

Source: Richardson GMP, As at August 31 2019

*All data sourced to Bloomberg unless otherwise noted.*

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