

FUND COMMENTARY

Purpose Canadian Financial Income Fund

FUND DETAILS

| | |
|--------------------------------|-------------------------|
| ETF SERIES MGMT FEES | BNC 0.55% |
| CLASS F MGMT FEES | PFC2401 0.55% |
| CLASS A MGMT FEES | PFC2400 1.55% |

Inception date: **OCT. 26, 2016**DISTRIBUTION FREQUENCY
MonthlyDISTRIBUTION TYPE
**Canadian Dividends &
Return Of Capital**FUND STRUCTURE
Corporate Class

In the third quarter, the S&P 500 reached new all-time highs as investors looked past the recent resurgence of Covid and opted to focus instead on the positive combination of a resilient economic recovery, continued Fed support, and strong corporate earnings.

MARKET OVERVIEW

In the third quarter, the S&P 500 reached new all-time highs as investors looked past the recent resurgence of Covid and opted to focus instead on the positive combination of a resilient economic recovery, continued Fed support, and strong corporate earnings. Volatility in the market did, however, ramp up during September, which reminded investors that adjusting to a post-pandemic "new normal" won't always be smooth.

To begin the third quarter, equities steadily moved higher as the economy continued to recover to pre-pandemic levels and corporate earnings remained stronger than expected. On a sector basis, Financials and Utilities broadly outperformed, and at the other end of the spectrum, Industrials and Materials struggled. In September, however, markets experienced their first monthly loss since February, following concerns over the implications of the coronavirus Delta variant and inflation fears stemming from supply disruptions and energy shortages in the U.K. The Federal Reserve's stimulus policy path was also in the spotlight as it announced preparations to slow the pace of its asset purchases and surprised the market by bringing forward the path to hike interest rates in 2022. This impacted bonds negatively as well as stocks, which resulted in

one of the worst months for 60/40 allocations in over a year.

Overall, markets remained resilient in Q3, but investors were reminded during the final few weeks of September that multiple macroeconomic unknowns will be resolved in the near future, and that while fundamentals remain positive, an increase in volatility should be expected.

FUND PERFORMANCE
AND POSITIONING

BNC had a strong performance this quarter. TD ended the quarter as the loss leader, detracting almost 21 bps of performance. On the other hand, National Bank was the quarter's top performer returning 56bps to help offset losses. This quarter, earnings and capital among Canadian banks were at a record high. Aggregate earnings across the banks exceeded \$14 billion, while the average common equity Tier 1 capital ratio was 12.8%, which is an all-time high. Many of the portfolio banks are poised to significantly raise dividends in the coming quarters, should OFSI allow it. Most Canadian banks released part of their credit allowances during Q3 2021, in anticipation of the declining value of non-performing loans as the economy improves. These one-time gains are an important theme that we will continue to monitor.

FUND PERFORMANCE (CURRENCY HEDGED SHARES)

AS OF SEP 30, 2021

| CLASS | 1 MONTH | 3 MONTH | 6 MONTH | YTD | 1 YEAR | SINCE INCEPTION |
|-------|---------|---------|---------|--------|--------|-----------------|
| ETF | -0.58% | 1.00% | 6.48% | 23.06% | 41.05% | 10.03% |
| F | -0.58% | 1.01% | 6.50% | 23.10% | 41.10% | 10.04% |
| A | -0.67% | 0.73% | 5.91% | 22.10% | 39.57% | 8.85% |

PORTFOLIO REBALANCING

| | |
|--------------------------------|--|
| Weighting Methodology | Equal Weight Within Sector |
| Number of Holdings | 10 |
| Rebalancing & Reconstitution | Quarterly |
| 6 Canadian Banks | Royal Bank of Canada TD Canada Trust Scotiabank Bank of Montreal CIBC National Bank |
| 4 Canadian Insurance Companies | Manulife Great West Life Sun Life Industrial Alliance |
| Covered Call Range | 15-25% |

PORTFOLIO STATISTICS

| | |
|---------------------------------------|---------|
| Number of Holdings | 10 |
| Dividend Yield (Gross) | 3.68% |
| Price to Earnings Ratio | 10.12x |
| Price to Book Ratio | 1.65x |
| Price to Cash Flow | 7.14x |
| Average Market Capitalization (\$bil) | \$78.06 |
| 5 Year Dividend Growth | 6.1% |

This quarter, earnings and capital among Canadian banks were at a record high.

SECTOR BREAKDOWN

AS OF SEP 30, 2021

| SECTOR | WEIGHT | CONTRIBUTION TO FUND RETURN ¹ |
|-------------------------|---------------|--|
| Diversified Banks | 65.98% | -0.63% |
| Life & Health Insurance | 25.59% | 0.12% |
| Total | 91.57% | -0.52% |

TOP 10 HOLDINGS

AS OF SEP 30, 2021

| NAME | SECTOR | WEIGHT |
|------------------------------------|------------|--------|
| National Bank Of Canada | Financials | 13.73% |
| Canadian Imperial Bank Of Commerce | Financials | 11.69% |
| Bank Of Montreal | Financials | 10.82% |
| Royal Bank Of Canada | Financials | 10.44% |
| Toronto-Dominion Bank | Financials | 9.81% |
| The Bank of Nova Scotia | Financials | 9.62% |
| Ia Financial Corporation Inc. | Financials | 7.30% |
| Great-West Lifeco Inc. | Financials | 6.51% |
| Sun Life Financial Inc. | Financials | 6.35% |
| Manulife Financial Corp | Financials | 5.47% |

BEST & WORST PERFORMING HOLDINGS

FOR THE PERIOD AUG 31, 2021 TO SEP 30, 2021

| NAME | SECTOR | WEIGHT | CONTRIBUTION TO FUND RETURN ¹ | SECURITY RETURN |
|------------------------------------|-------------------------|--------|--|-----------------|
| TOP 5 PERFORMING STOCKS | | | | |
| Toronto Dominion | Diversified Banks | 9.79% | 0.22% | 2.34% |
| Ia Financial Inc | Life & Health Insurance | 7.29% | 0.18% | 2.72% |
| Bank Of Montreal | Diversified Banks | 10.80% | 0.06% | 0.71% |
| Sun Life Financial Inc | Life & Health Insurance | 6.34% | 0.01% | 0.37% |
| Great West Lifeco Inc | Life & Health Insurance | 6.50% | 0.00% | -0.12% |
| BOTTOM 5 PERFORMING STOCKS | | | | |
| National Bank Of Canada | Diversified Banks | 13.70% | -0.32% | -2.14% |
| Royal Bank Of Canada | Diversified Banks | 10.42% | -0.31% | -2.75% |
| Canadian Imperial Bank Of Commerce | Diversified Banks | 11.67% | -0.24% | -1.88% |
| Manulife Financial Corp | Life & Health Insurance | 5.46% | -0.06% | -0.77% |
| Bank Of Nova Scotia | Diversified Banks | 9.60% | -0.04% | -0.24% |

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

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. All data sourced from Bloomberg and Purpose Investments, unless otherwise noted.

