

PURPOSE PREMIUM YIELD FUND

COMMENTARY AND REBALANCE UPDATE

PURPOSE
INVESTMENTS

FUND DETAILS

ETF Series Ticker Symbol	PYF
FundSERV Series Codes	Series A - PFC2300 Series F - PFC2301
Management Fee	0.60%
Series A Trailer Fee	1.00%
Distribution Frequency	Monthly
Distribution Type	Canadian Dividends & Capital Gains
Fund Structure	Corporate Class
Inception Date	Jan. 19, 2016

PORTFOLIO OPTION STATISTICS

AS OF JAN 31, 2019

1-3 Month Options	100.00%
4-6 Month Options	0.00%
6+ Month Options	0.00%
Average Out of Money Percentage of Options	-7.20%
Current U.S. Currency Exposure (Tactical)	0.00%

SECTOR EXPOSURE

FOR THE PERIOD DEC 31, 2018 TO JAN 31, 2019

SECTOR	WEIGHT
Health Care	13.50%
Financials	11.51%
Materials	10.33%
Information Technology	9.97%
Energy	9.14%
Consumer Discretionary	8.64%
Consumer Staples	7.93%
Communication Services	6.32%
Industrials	5.09%
Utilities	3.08%
Real Estate	2.37%

PERFORMANCE

AS OF JAN 31, 2019

CLASS	1 MONTH	3 MONTH	6 MONTH	YTD	1 YEAR	SINCE INCEPTION
ETF	1.65%	1.22%	-0.02%	1.65%	3.25%	3.85%
F	1.64%	1.21%	-0.02%	1.64%	3.26%	3.86%
A	1.55%	0.93%	-0.58%	1.55%	2.10%	2.70%

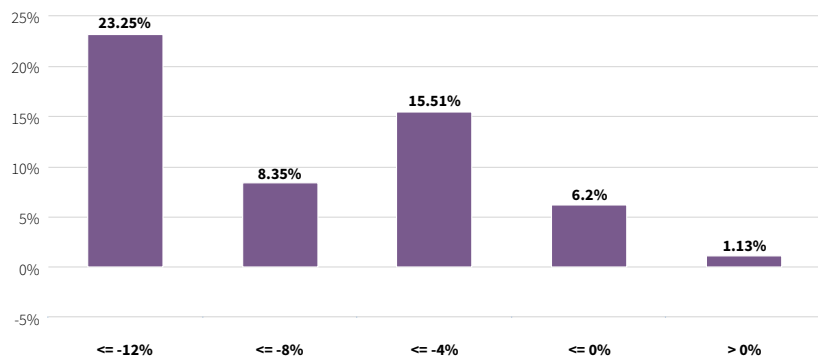
TOP 10 HOLDINGS

AS OF JAN 31, 2019

HOLDING	SECTOR	EXPOSURE
PUT OPTION		
Walmart	Consumer Staples	1.38%
Amazon.com	Information Technology	0.96%
Simon Property Group Inc	Real Estate	0.87%
Walt Disney Co	Consumer Discretionary	0.84%
Alphabet Inc	Information Technology	0.82%
Adobe Systems Inc	Information Technology	0.82%
Humana Inc	Health Care	0.75%
Texas Instruments Inc	Industrials	0.68%
Johnson & Johnson	Health Care	0.65%
EQUITIES WITH COVERED CALLS		
Apple Inc	Information Technology	1.27%
CVS Health Corp	Health Care	1.08%
Alcoa Corp	Materials	0.97%
Altria Group Inc	Consumer Staples	0.81%
Eaton Corp PLC	Industrials	0.41%
AT&T Inc	Communication Services	0.33%
Marathon Petroleum Corp	Energy	0.29%
Constellation Brands Inc	Consumer Discretionary	0.28%
Bristol-Myers Squibb Co	Health Care	0.27%
Walt Disney Co	Consumer Discretionary	0.24%

IN THE MONEY OPTION EXPOSURE

AS OF JAN 31, 2019



FUND COMMENTARY

- Equity markets staged a strong rebound in January, recovering much of the losses suffered the previous month. Despite signs of sluggish global PMI data heightening fears of a growth slowdown, markets grew increasingly optimistic that a resolution to the US/China trade standoff was imminent. Sentiment was further bolstered by a dramatic dovish shift by the Federal Reserve, which promised “patience” in considering the path for further interest rate hikes. Earnings season commenced with investor concern over revenue warnings largely alleviated by better-than-expected results. ‘To retest or not to retest?’ That is the question looking forward, as a large proportion of market participants are waiting for a dip with dry powder to deploy.
- In equities, cyclical commodity and interest-rate-sensitive sectors were the most profitable. Real estate and energy were the best performers, while consumer staples and healthcare trailed. Defensive factors such as quality and low volatility, in addition to momentum, trailed growth and high-volatility names.
- Fund performance was positive in this environment, delivering a monthly return of 1.65%. Performance was driven principally by a combination of generated option premiums, gains on direct equity holdings and mark-to-market on the options portfolio as implied volatility came down. As markets recovered, we took the opportunity to lighten up on the directional risk that built up in the portfolio as markets sold off in December and equity positions were put to the Fund. This naturally occurred, as calls we had overwritten to collect additional premium came into the money and were exercised. This resulted in the Fund selling down its equity exposure almost in its entirety, as we maintained discipline around structuring the portfolio to generate returns primarily from option premiums rather than market beta exposure.
- This should position the Fund to successfully weather a return of downside volatility, should the market need to retest the lows, while we continue to collect premium regardless of market direction. This is particularly true as single-equity option volatility remains stubbornly high relative to the more frequently referenced CBOE Volatility Index (VIX), which is based on index volatility.
- Although the direction of markets has shifted in the new year, we are happy to deliver a softer positive performance when the equity portion of a client’s portfolio is rallying. We believe it is a worthwhile trade-off to provide a more meaningful diversification

BEST & WORST PERFORMING HOLDINGS

FOR THE PERIOD DEC 31, 2018 TO JAN 31, 2019

TOP 5 PERFORMING STOCKS

NAME	SECTOR	EQUITY WEIGHT / OPTION EXPOSURE	CONTRIBUTION TO FUND RETURN ¹	SECURITY RETURN
Alcoa Inc	Equity	0.97%	0.11%	11.66%
Apple Inc	Equity	1.27%	0.09%	5.52%
Marathon Petroleum Corp	Equity	0.29%	0.07%	12.29%
Bank Of America Corp	Equity	0.22%	0.06%	15.54%
Eaton Corp Plc	Equity	0.42%	0.05%	11.05%

BOTTOM 5 PERFORMING STOCKS

NAME	SECTOR	EQUITY WEIGHT / OPTION EXPOSURE	CONTRIBUTION TO FUND RETURN ¹	SECURITY RETURN
Humana Inc	Equity	0.00%	-0.06%	7.86%
Cvs Health Corp	Equity	1.07%	-0.05%	0.82%
Bristol-Myers Squibb Co	Equity	0.27%	-0.01%	-4.16%
Altria Group Inc	Equity	0.81%	-0.01%	-0.08%
Las Vegas Sands Corp	Equity	0.00%	-0.00%	12.12%

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.