

# PURPOSE CORE DIVIDEND FUND

## COMMENTARY AND REBALANCE UPDATE

PURPOSE  
INVESTMENTS

### FUND DETAILS

ETF Series Ticker Symbol	PDF
FundSERV Series Codes	Series A - PFC400 Series F - PFC401
Management Fee	0.55%
Series A Trailer Fee	1.00%
Distribution Frequency	Monthly
Distribution Type	Canadian Dividends & Capital Gains
Fund Structure	Corporate Class
Inception Date	Sep. 3, 2013

### PORTFOLIO REBALANCING

Weighting Methodology	Equal Weight
Number of Holdings	60
Rebalancing Frequency	Quarterly
Total Available # of Sectors	11
Sector Cap	20%

### PORTFOLIO STATISTICS

AS OF DEC 31, 2018

Number of Holdings	61
Dividend Yield (Gross)	3.97%
Price to Earnings Ratio	13.65x
Price to Book Ratio	3.34x
Price to Cash Flow	11.02x
Average Market Capitalization (\$bil)	\$66.91
5 Year Dividend Growth	7.51%

### PERFORMANCE

AS OF DEC 31, 2018

CLASS	1 MONTH	3 MONTH	6 MONTH	YTD	1 YEAR	3 YEAR	SINCE INCEPTION
ETF	-6.29%	-6.76%	-7.54%	-10.79%	-10.79%	3.80%	6.84%
F	-6.29%	-6.77%	-7.54%	-10.80%	-10.80%	3.81%	6.87%
A	-6.38%	-7.03%	-8.05%	-11.76%	-11.76%	2.68%	5.69%

### TOP 10 HOLDINGS

AS OF DEC 31, 2018

NAME	SECTOR	WEIGHT
Empire Co Ltd	Consumer Discretionary	2.07%
Procter & Gamble Co	Consumer Discretionary	1.94%
OMNICOM GROUP INC	Communication Services	1.93%
H&R REIT	Real Estate	1.89%
Merck & Co Inc	Health Care	1.88%
Emera Inc	Utilities	1.88%
Verizon Communications Inc	Telecommunication Services	1.87%
SHAW COMMUNICATIONS INC	Communication Services	1.84%
Fortis Inc	Utilities	1.84%
Bell Canada Inc	Telecommunication Services	1.84%

### GEOGRAPHIC BREAKDOWN

AS OF DEC 31, 2018

COUNTRY	NUMBER OF HOLDINGS	WEIGHT	CONTRIBUTION TO FUND RETURN <sup>1</sup>
Canada	36	57.35%	-3.02%
United States	25	42.65%	-3.27%
<b>Total</b>	<b>61</b>	<b>100.00%</b>	<b>-6.29%</b>

### BEST & WORST PERFORMING HOLDINGS

FOR THE PERIOD NOV 30, 2018 TO DEC 31, 2018

#### TOP 5 PERFORMING STOCKS

NAME	SECTOR	WEIGHT	CONTRIBUTION TO FUND RETURN <sup>1</sup>	SECURITY RETURN
Empire Co Ltd 'A'	Consumer Staples	2.08%	0.25%	14.54%
Loblaw Companies Ltd	Consumer Staples	1.64%	0.00%	0.18%
Canadian Natural Resources	Energy	1.40%	-0.00%	-0.43%
Rogers Communications Inc	Communication Services	1.87%	-0.01%	-0.61%
Shaw Communications Inc	Communication Services	1.79%	-0.01%	-0.81%

#### BOTTOM 5 PERFORMING STOCKS

NAME	SECTOR	WEIGHT	CONTRIBUTION TO FUND RETURN <sup>1</sup>	SECURITY RETURN
Lockheed Martin Corp	Industrials	1.49%	-0.20%	-12.84%
Finning International Inc	Industrials	1.44%	-0.22%	-13.80%
Kar Auction Services Inc	Industrials	1.39%	-0.25%	-15.88%
Tfi International Inc	Industrials	1.34%	-0.31%	-19.50%
Ford Motor Co	Consumer Discretionary	1.53%	-0.33%	-18.70%

## FUND COMMENTARY

- December was a tumultuous month as risk assets experienced a dramatic sell-off. The S&P 500 ended down more than 9%, which was the worst monthly return for the index since 2008. Sentiment was extremely negative on the back of ongoing trade tensions between China and the US, which threatened the global growth outlook. This was exacerbated by a Federal Reserve rate hike and the accompanying suggestion that a path for further hikes was on "autopilot." The tone riled markets and fueled fears that the "Fed put," which has cushioned downside market volatility since the global financial crisis, was gone. Daily swings resulting from these dynamics were intensified by the general lack of liquidity during the holiday period, which pushed the VIX to its high on the year, at 35.
- In equities, the safety trade dominated as quality and low volatility factors outperformed growth, value and income. More specifically, the narrow momentum of the FANG trade that drove indices higher through much of 2018 continued to unwind. All sectors ended negative, with energy, financials and healthcare leading the way down.
- The Fund's performance was negative in this environment, with all sectors detracting from performance. Names across the energy, industrials, financials and consumer discretionary sectors led to the downside, while traditionally defensive sectors such as healthcare, real estate, consumer staples and utilities outperformed. In general, the Fund benefited from its sector-capping discipline during Q4, which resulted in greater diversification away from areas of the market that struggled disproportionately in the recent correction, such as energy and financials, and into more defensive sectors.

## SECTOR ATTRIBUTION

FOR THE PERIOD NOV 30, 2018 TO DEC 31, 2018

NAME	WEIGHT	CONTRIBUTION TO FUND RETURN <sup>1</sup>	INDEX RETURN <sup>2</sup>
Health Care	4.00%	-0.17%	-1.34%
Real Estate	5.33%	-0.20%	-0.22%
Information Technology	3.14%	-0.27%	-1.67%
Materials	5.70%	-0.44%	-0.18%
Utilities	14.80%	-0.49%	-0.12%
Communication Services	12.76%	-0.53%	-0.72%
Consumer Staples	14.37%	-0.53%	-0.74%
Financials	9.60%	-0.59%	-1.48%
Consumer Discretionary	7.82%	-0.68%	-0.86%
Energy	12.13%	-0.97%	-0.67%
Industrials	10.35%	-1.43%	-1.02%
<b>Total</b>	<b>100.00%</b>	<b>-6.29%</b>	<b>-9.03%</b>

## SECTOR YIELD BREAKDOWN

AS OF DEC 31, 2018

SECTOR	FUND TRAILING 12M DIVIDEND YIELD (GROSS)	INDEX TRAILING 12M DIVIDEND YIELD (GROSS) <sup>2</sup>	FUND TRAILING 12M EXCESS DIVIDEND YIELD (GROSS)
Materials	6.79%	1.57%	5.22%
Information Technology	4.84%	0.45%	4.39%
Consumer Discretionary	4.77%	1.90%	2.87%
Health Care	2.88%	0.69%	2.18%
Energy	5.34%	3.38%	1.96%
Consumer Staples	3.33%	1.54%	1.80%
Industrials	4.15%	2.36%	1.79%
Financials	5.09%	4.04%	1.05%
Real Estate	5.49%	5.07%	0.42%
Communication Services	4.49%	4.16%	0.34%
Utilities	4.76%	5.36%	-0.60%

## PORTFOLIO ADDITIONS & DELETIONS

- There were no additions or deletions for the month of December 2018.
- The next quarterly rebalance is scheduled for February 2019.

<sup>1</sup> 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.

<sup>2</sup> Index source: S&P 500 Level 1 GICS.

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.