

# 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 DEC 31, 2018

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 NOV 30, 2018 TO DEC 31, 2018

SECTOR	WEIGHT
Financials	15.24%
Health Care	13.31%
Materials	11.28%
Industrials	10.78%
Information Technology	10.12%
Consumer Staples	9.51%
Energy	8.98%
Consumer Discretionary	7.25%
Communication Services	6.68%
Real Estate	3.97%
Utilities	2.88%

### PERFORMANCE

AS OF DEC 31, 2018

CLASS	1 MONTH	3 MONTH	6 MONTH	YTD	1 YEAR	SINCE INCEPTION
ETF	-1.79%	-1.67%	-0.54%	2.08%	2.08%	3.39%
F	-1.79%	-1.65%	-0.52%	2.09%	2.09%	3.40%
A	-1.89%	-1.95%	-1.09%	0.93%	0.93%	2.24%

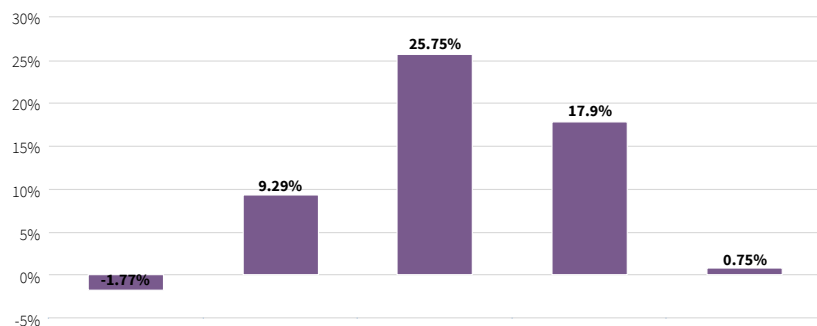
### TOP 10 HOLDINGS

AS OF DEC 31, 2018

HOLDING	SECTOR	EXPOSURE
<b>PUT OPTION</b>		
International Paper Co	Materials	2.01%
CVS HEALTH CORP	Health Care	1.62%
Cigna Corp	Energy	1.58%
CAPITAL ONE FINANCIAL CORP	Financials	1.50%
NORTHROP GRUMMAN CORP	Energy	1.36%
American Electric Power Co Inc	Utilities	1.35%
MONDELEZ INTERNATIONAL INC	Industrials	1.29%
Citigroup Inc	Financials	1.28%
TEXAS INSTRUMENTS INC	Consumer Discretionary	1.25%
<b>EQUITIES WITH COVERED CALLS</b>		
Las Vegas Sands Corp	Consumer Discretionary	1.06%
AT&T Inc	Telecommunication Services	0.75%
Aloca Corp	Materials	0.67%
Bristol-Myers Squibb Co	Health Care	0.60%
International Paper Co	Materials	0.54%
Facebook Inc	Information Technology	0.39%

### IN THE MONEY OPTION EXPOSURE

AS OF DEC 31, 2018



<= -12% <= -8% <= -4% <= 0% > 0%

## 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.
- Fund performance was moderately negative in this environment, with losses concentrated in the financials, consumer staples and energy sectors. At a single name level, Schlumberger Ltd, Alcoa Inc., Constellation Brands Inc. and Citigroup Inc. were the primary detractors, and the Fund’s covering cash position was the sole meaningful positive contributor.
- December offered a strong opportunity to roll the portfolio into new short option positions with greater volatility premiums attached. These are expected to bleed into performance in the coming months. The Fund’s overall equity exposure increased into the drawdown as more individual equities were put to the Fund, although the majority of those positions have now been called away, restoring market exposure to more normalized levels of around 10%. We are extremely pleased with the Fund’s performance over the balance of the year, as it delivered a positive performance when effectively all risk assets were down.

## BEST & WORST PERFORMING HOLDINGS

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

### TOP 5 PERFORMING STOCKS

NAME	SECTOR	EQUITY WEIGHT / OPTION EXPOSURE	CONTRIBUTION TO FUND RETURN <sup>1</sup>	SECURITY RETURN
Cf Industries Holdings Inc	Equity	0.37%	0.00%	3.13%
American Electric Power	Equity	0.02%	-0.00%	-3.86%
Bristol-Myers Squibb Co	Equity	0.30%	-0.00%	-2.77%
Alibaba Group Holding-Sp Adr	Equity	0.39%	-0.05%	-14.79%
Allergan Plc	Equity	0.32%	-0.07%	-14.65%

### BOTTOM 5 PERFORMING STOCKS

NAME	SECTOR	EQUITY WEIGHT / OPTION EXPOSURE	CONTRIBUTION TO FUND RETURN <sup>1</sup>	SECURITY RETURN
Kraft Heinz Co	Equity	0.49%	-0.13%	-15.81%
Citigroup Inc	Equity	1.06%	-0.14%	-19.65%
Constellation Brands Inc-A	Equity	1.14%	-0.16%	-17.85%
Alcoa Inc	Equity	1.31%	-0.19%	-16.44%
Schlumberger Ltd	Equity	0.68%	-0.20%	-19.09%

<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.

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.