

PURPOSE
INVESTMENTS

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

PURPOSE CANADIAN INCOME GROWTH FUND
(FORMERLY REDWOOD INCOME GROWTH FUND)
FOR THE FINANCIAL PERIOD ENDED JUNE 30, 2018

TABLE OF CONTENTS

This interim management report of fund performance (“MRFP”) contains financial highlights but does not contain interim financial statements of the investment fund. You can get a copy of the interim financial statements at your request, and at no cost, by visiting our website at www.purposeinvest.com or SEDAR at www.sedar.com, by calling or by writing to us at Purpose Investments Inc., 130 Adelaide Street West, Suite 1700, P.O. Box 83, Toronto, Ontario M5H 3P5.

In addition, shareholders may also contact us using one of these methods to request copies of the Fund’s annual financial report, proxy voting policies and procedures, proxy voting disclosure records, and quarterly portfolio disclosures.

For more information on the Fund’s current and historical net asset value per share, please visit www.purposeinvest.com.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements about the Fund, including its strategy, expected performance and condition. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “estimates,” or negative versions thereof and similar expressions.

In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future action, is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties, and assumptions about the Fund and economic factors.

Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Fund. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and market factors, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events. We stress that the abovementioned list of important factors is not exhaustive. We encourage you to consider these and other factors carefully before making any investment decisions, and urge you to avoid placing undue reliance on forward-looking statements. Further, you should be aware of the fact that the Fund has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise, prior to the release of the next Management Report of Fund Performance.

Caution regarding forward-looking statements	Inside front cover
Interim management report of fund performance	1
Financial highlights	2
Summary of investment portfolio	4
Corporate information	Back cover

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

The management report of fund performance presents the views of the portfolio management team concerning significant factors and developments that have affected Purpose Canadian Income Growth Fund (formerly Redwood Income Growth Fund) (the “Fund”)’s performance and outlook.

Please read the caution on the inside of the cover page regarding forward-looking statements.

Redwood Asset Management Inc. (“Redwood”) was amalgamated into Purpose Investments Inc. (“Purpose”). The Fund changed its name to Purpose Canadian Income Growth Fund effective May 2, 2018.

INVESTMENT OBJECTIVES AND STRATEGIES

The objective of Purpose Canadian Income Growth Fund (formerly Redwood Income Growth Fund) is to achieve income and long term capital growth by investing in primarily income oriented equities, income trusts, Canadian convertible and fixed income securities and other Canadian income producing securities.

The Portfolio Advisor, StoneCastle Investment Management Inc. uses a top-down approach to set asset allocation and a bottom-up approach to set individual security selection. The Fund has the ability to invest primarily in money market instruments, equities, fixed income securities, convertible securities, mutual funds, ETFs and cash. The Portfolio Advisor will seek to identify and select for the Fund the best risk return opportunities it finds available across the capitalization spectrum. In adverse market, economic and/or political conditions, the Portfolio Advisor may invest the Fund’s assets in cash or cash equivalent securities. The Fund estimates that up to approximately 20% (at the time of investment and on a cost basis) of the Fund will be invested in foreign investments at any time, though normally less than 10% of the Fund will be invested in foreign investments.

RISK

The risks associated with investing in the Fund are as described in the simplified prospectus. There were no material changes to the Fund over the last completed financial year that affected the overall level or risk of the Fund.

RESULTS OF OPERATIONS

The net asset value per share as at:

Series	June 30, 2018 (\$)	December 31, 2017 (\$)
Series A	10.76	11.99
Series F	12.44	13.77

During the period ended June 30, 2018 the Fund paid dividends as follows:

Month	Series A Shares (\$)	Series F Shares (\$)
January	0.0500	0.0500
February	0.0500	0.0576
March	0.0500	0.0576
April	0.0500	0.0576
May	0.0500	0.0576
June	0.0500	0.0576
Total	0.3000	0.3380

Markets during the first half of 2018 have been characterized by resilient earnings and economic momentum, overlaid with increasing market volatility

as the market grapples with a variety of heightened macroeconomic concerns. In Q1, worries about the direction of US interest rates were the primary basis of investor fears as inflation began to show signs of heating up. The focus has subsequently shifted to rising trade tensions between the US and the rest of the world, where tariff implementation has an impact on product demand and the potential to meaningfully disrupt global supply chains.

Global equity markets have been generally positive in aggregate over the first half of 2018, led by growth and momentum names while value has lagged. From a sector perspective, information technology, consumer discretionary and energy have all been strong while consumer staples, telecom services, financials and industrials have lagged. Thematically, growth businesses that are positioned to be on the right side of technological development continue to lead, while industries with old school business models, slim margins, limited pricing power and input price sensitivity lagged.

This has been a challenging environment for dividend stocks as concerns about inflation have crept into the market psyche and episodically put upward pressure on yields. In addition, with equity markets led decidedly by growth stocks with value lagging, dividend-oriented portfolios to underperform broader market indices as they are by definition not growth names.

There have been no material changes to the Fund’s strategy during the first half of the year, and no significant changes to the Fund’s composition outside normal rebalancing triggered by the Fund’s rules-based investment discipline.

Redwood Asset Management Inc. (“Redwood”) was amalgamated into Purpose Investments Inc. (“Purpose”). The Fund changed its name to Purpose Canadian Income Growth Fund effective May 2, 2018.

RECENT DEVELOPMENTS

The members of the Independent Review Committee as at December 31, 2017 were Douglas G. Hall (Chair), Randall C. Barnes, and Michael Hollend. On February 5, 2018 Michael Hollend ceased being a member of the Independent Review Committee. The vacant position was filled by Jean M. Fraser on May 18, 2018.

RELATED PARTY TRANSACTIONS

Purpose Investments Inc. is deemed to be a related party as Manager of the Fund. Please refer below to the “Management Fee” section for fees paid to Purpose. Purpose has also appointed an Independent Review Committee (“IRC”) as required by National Instrument 81-107 *Independent Review Committee for Investment Funds*. The mandate of the IRC is to review, and provide input on, the Manager’s written policies and procedures that deal with conflict of interest matters in respect of the Funds. IRC members receive fees and reimbursement of expenses for services provided to the Fund and other Purpose managed funds and such costs are allocated among all the Funds on a fair and reasonable basis. The fees for services rendered to the Funds are reported in the Statements of Comprehensive Income. There are no other related party transactions for the Fund.

INDEPENDENT REVIEW COMMITTEE

The Manager is required to comply with the policies and procedures presented to the IRC with respect to various potential conflicts of interest including valuation and the allocation of operating expenses and to provide periodic reports to the IRC in accordance with NI 81-107.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the periods ended December 31, except 2018 which is provided as at June 30:

NET ASSETS PER SHARE ⁽¹⁾

Series A	2018 ^(a) (\$)	2017 (\$)	2016 (\$)	2015 (\$)	2014 (\$)	2013 (\$)
Net assets, beginning of period	11.99	10.09	9.47	10.73	10.07	9.86
Increase (decrease) from operations:						
Total revenue	0.24	0.40	0.40	0.42	0.39	0.44
Total expenses	(0.19)	(0.61)	(0.37)	(0.35)	(0.50)	(0.57)
Realized gains (losses) for the period	0.61	0.86	0.62	(0.20)	1.03	(0.11)
Unrealized gains (losses) for the period	(1.58)	1.88	0.56	(0.61)	0.20	1.05
Total increase (decrease) from operations ⁽²⁾	(0.92)	2.53	1.21	(0.74)	1.12	0.81
Distributions:						
From dividends	(0.30)	(0.13)	(0.60)	(0.60)	(0.35)	(0.33)
Return of capital	-	(0.47)	-	-	-	(0.27)
Total annual distributions ⁽³⁾	(0.30)	(0.60)	(0.60)	(0.60)	(0.35)	(0.60)
Net assets, end of period	10.76	11.99	10.09	9.47	10.73	10.07

Notes:

- Information presented is for the period January 1, 2018 to June 30, 2018.
- This information is derived from the Fund's financial statements prepared in accordance with IFRS. For purposes of shareholder transactions, the Net Asset Value is calculated in accordance with the valuation rules as set out in the Fund's prospectus. The Fund's accounting policies for measuring the fair value of investments and derivatives are consistent with those used in measuring the Net Asset Value for transactions with shareholders.
- Net assets and dividends are based on the actual number of shares outstanding at the relevant time. The increase (decrease) from operations is based on the weighted-average number of shares outstanding over the financial period.
- Dividends were paid in cash or reinvested in additional shares of the Fund.

RATIOS AND SUPPLEMENTAL DATA

Series A	2018	2017	2016	2015	2014	2013
Total net asset value (\$) (000s) ⁽¹⁾	10,257	11,331	9,903	12,112	12,331	9,332
Number of shares outstanding (000s) ⁽¹⁾	953	945	981	1,280	1,150	932
Management expense ratio ⁽²⁾	3.29%	5.57%	3.63%	3.45%	4.40%	5.60%
Management expense ratio before waivers or absorptions ⁽²⁾	3.48%	5.88%	3.92%	3.47%	4.40%	5.95%
Trading expense ratio ⁽³⁾	0.19%	0.33%	0.23%	0.23%	0.28%	25.00%
Portfolio turnover rate ⁽⁴⁾	54.55%	158.70%	261.43%	173.57%	164.65%	207.75%

Notes:

- The financial information presented in the Ratios and Supplemental Data table is derived from the Fund's net asset value calculated for fund pricing purposes ("NAV") and is provided as at December 31 of the year shown except 2018 which is shown as at June 30.
- The management expense ratio ("MER") is calculated as the total expenses, excluding dividends, commissions and other portfolio transaction costs, for the stated period and is expressed as an annualized percentage of the average daily NAV of the Fund. The Manager, at its sole discretion, may waive management fees or absorb expenses. Such waivers and absorptions can be terminated at any time. If the Fund invests in underlying funds managed by the Manager, the Manager does not charge management fees and administrative fees that would result in the duplication of a fee for the same services. The MER includes an allocation of expenses from the underlying funds held in the portfolio. Without the allocation, the MER would be 3.28% (2017 - 4.87%, 2016 - 3.58%). Without performance fees, the MER would be 3.24% (2017 - 3.44%, 2016 - nil).
- The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of the Fund's daily average NAV. The trading expense ratio is calculated at the portfolio level and applies to all series of shares of the Fund.
- The portfolio turnover rate is calculated at the portfolio level based on the lesser of purchases or proceeds of sales of securities for the period, excluding cash, short-term notes, and bonds having maturity dates at acquisition of one year or less, divided by the average value of the portfolio securities for the period. The Fund's portfolio turnover rate indicates how actively the Fund's investment sub-advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the portfolio turnover rate in a year, the greater the trading costs payable in the year and the greater the chance of taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and fund performance. The portfolio turnover rate is calculated at the portfolio level and applies to all series of shares of the Fund.

NET ASSETS PER SHARE ⁽¹⁾

Series F	2018 ^(a) (\$)	2017 (\$)	2016 (\$)	2015 (\$)	2014 (\$)	2013 (\$)
Net assets, beginning of period	13.77	11.41	10.53	11.75	10.94	10.56
Increase (decrease) from operations:						
Total revenue	0.28	0.45	0.45	0.46	0.46	0.45
Total expenses	(0.14)	(0.58)	(0.31)	(0.26)	(0.55)	(0.51)
Realized gains (losses) for the period	0.69	0.98	0.70	(0.21)	1.18	(0.11)
Unrealized gains (losses) for the period	(1.87)	2.17	0.62	(0.85)	(0.31)	1.16
Total increase (decrease) from operations ⁽²⁾	(1.04)	3.02	1.46	(0.86)	0.78	0.98
Distributions:						
From dividends	(0.34)	(0.15)	(0.60)	(0.60)	(0.35)	(0.33)
Return of capital	-	(0.45)	-	-	-	(0.27)
Total annual distributions ⁽³⁾	(0.34)	(0.60)	(0.60)	(0.60)	(0.35)	(0.60)
Net assets, end of period	12.44	13.77	11.41	10.53	11.75	10.94

Notes:

- Information presented is for the period January 1, 2018 to June 30, 2018.
- This information is derived from the Fund's financial statements prepared in accordance with IFRS. For purposes of shareholder transactions, the Net Asset Value is calculated in accordance with the valuation rules as set out in the Fund's prospectus. The Fund's accounting policies for measuring the fair value of investments and derivatives are consistent with those used in measuring the Net Asset Value for transactions with shareholders.
- Net assets and dividends are based on the actual number of shares outstanding at the relevant time. The increase (decrease) from operations is based on the weighted-average number of shares outstanding over the financial period.
- Dividends were paid in cash or reinvested in additional shares of the Fund.

RATIOS AND SUPPLEMENTAL DATA

Series F	2018	2017	2016	2015	2014	2013
Total net asset value (\$) (000s) ⁽¹⁾	2,501	2,746	2,430	3,424	2,398	921
Number of shares outstanding (000s) ⁽¹⁾	201	199	213	326	204	85
Management expense ratio ⁽²⁾	2.17%	4.66%	2.66%	2.34%	3.92%	4.51%
Management expense ratio before waivers or absorptions ⁽²⁾	2.36%	4.97%	2.95%	2.36%	3.92%	4.84%
Trading expense ratio ⁽³⁾	0.19%	0.33%	0.23%	0.23%	0.28%	25.00%
Portfolio turnover rate ⁽⁴⁾	54.55%	158.70%	261.43%	173.57%	164.65%	207.75%

Notes:

- The financial information presented in the Ratios and Supplemental Data table is derived from the Fund's net asset value calculated for fund pricing purposes ("NAV") and is provided as at December 31 of the year shown except 2018 which is shown as at June 30.
- The management expense ratio ("MER") is calculated as the total expenses, excluding dividends, commissions and other portfolio transaction costs, for the stated period and is expressed as an annualized percentage of the average daily NAV of the Fund. The Manager, at its sole discretion, may waive management fees or absorb expenses. Such waivers and absorptions can be terminated at any time. If the Fund invests in underlying funds managed by the Manager, the Manager does not charge management fees and administrative fees that would result in the duplication of a fee for the same services. The MER includes an allocation of expenses from the underlying funds held in the portfolio. Without the allocation, the MER would be 2.16% (2017 - 3.92%, 2016 - 2.61%). Without performance fees, the MER would be 2.12% (2017 - 2.32%, 2016 - nil).
- The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of the Fund's daily average NAV. The trading expense ratio is calculated at the portfolio level and applies to all series of shares of the Fund.
- The portfolio turnover rate is calculated at the portfolio level based on the lesser of purchases or proceeds of sales of securities for the period, excluding cash, short-term notes, and bonds having maturity dates at acquisition of one year or less, divided by the average value of the portfolio securities for the period. The Fund's portfolio turnover rate indicates how actively the Fund's investment sub-advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the portfolio turnover rate in a year, the greater the trading costs payable in the year and the greater the chance of taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and fund performance. The portfolio turnover rate is calculated at the portfolio level and applies to all series of shares of the Fund.

MANAGEMENT FEES

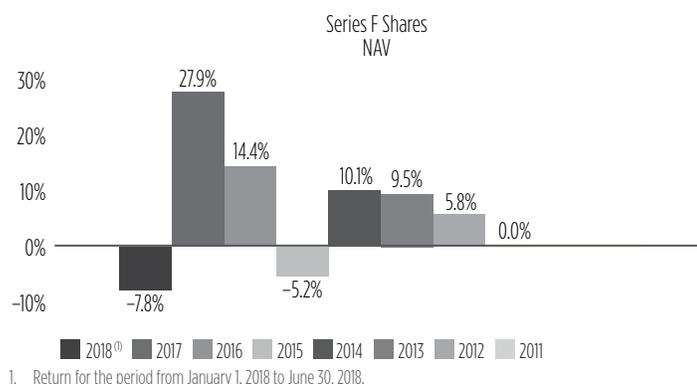
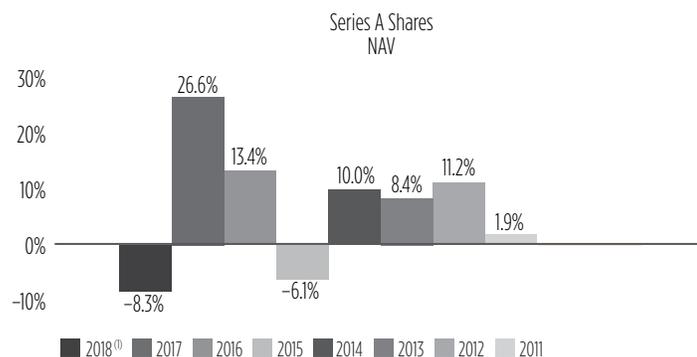
Purpose manages and administers the business, operations and affairs of the Fund. As compensation for the services it provides to the Fund, Purpose is entitled to receive an annual management fee in an amount equal to 2.25% of the Series A shares and 1.25% of the Series F shares. The management fees are calculated daily and paid monthly in arrears. Purpose utilizes the management fees to pay investment sub-advisory fees, service fees to registered dealers of Series A shareholders, general and administrative expenses and earn revenue.

PAST PERFORMANCE

The indicated rates of return are the historical total returns including changes in share values and assume reinvestment of all distributions in additional shares of the relevant series of the Fund. These returns do not take into account sales, redemption, distribution or optional charges or income taxes payable by any shareholder that may reduce returns. Please note that past performance is not indicative of future performance. Year-by-Year Returns.

YEAR-BY-YEAR RETURNS

The bar charts show the performance of each series of shares for the financial period in percentage terms, indicating how much an investment made on the first day of the period would have grown or decreased by the last day of the period.



SUMMARY OF INVESTMENT PORTFOLIO

As at June 30, 2018

SECTOR MIX

	% of Fund's Net Asset Value
Real Estate	28.8
Energy	13.2
Industrials	12.8
Financials	8.4
Consumer Discretionary	8.3
Corporate	7.5
Materials	5.8
Telecommunication Services	3.3
Health Care	2.0
Utilities	1.1
Cash and Cash Equivalents	5.9
Net Other Assets	2.9
Total Net Asset Value	100.0

TOP 25 HOLDINGS

	% of Fund's Net Asset Value
Cash and Cash Equivalents	5.9
Dream Industrial REIT	4.7
Transcontinental Inc.	4.5
AltaGas Ltd.	4.4
Cardinal Energy Ltd.	4.4
Bonterra Energy Corp.	4.4
InterRent REIT	4.3
Granite REIT	4.2
True North Commercial REIT	4.1
NorthWest Healthcare Properties REIT	4.1
National Bank of Canada	4.1
Superior Plus Corp.	4.0
Chemtrade Logistics Income Fund	4.0
CanWel Building Materials Group Ltd.	4.0
Dream Global REIT	3.8
Dream Office REIT	3.6
Friday Night Inc.	3.5
Invesque Inc.	3.3
TELUS Corp.	3.3
goeasy Ltd.	3.0
Diversified Royalty Corp.	3.0
Vogogo Inc.	2.4
Gamehost Inc.	2.3
Friday Night Inc.	1.8
Automotive Finco Corp.	1.8

For investments in other investment funds, their prospectus and other information is available at www.sedar.com. The investment portfolio may change due to ongoing portfolio transactions. An updated listing is available quarterly.

CORPORATE INFORMATION

MANAGER

Purpose Investments Inc.
130 Adelaide Street West
Suite 1700, P.O. Box 83
Toronto, ON M5H 3P5

INVESTMENT SUB-ADVISOR

StoneCastle Investment Management Inc.
1708 Dolphin Avenue, Suite 205
Kelowna, BC V1Y 9S4

LEGAL COUNSEL

Fasken Martineau DuMoulin LLP
333 Bay Street
Toronto, ON M5H 2T6

AUDITOR

Ernst & Young LLP
EY Tower
100 Adelaide Street West, P.O. Box 1
Toronto, ON M5H 0B3

CUSTODIAN

CIBC Mellon Trust Company
1 York Street, Suite 700
Toronto, ON M5J 0B6

BOARD OF DIRECTORS AND INDEPENDENT REVIEW COMMITTEE OF PURPOSE FUND CORP.

SOM SEIF

President, Chief Executive Officer,
Chairman of the Board of Directors and Director

DOUGLAS G. HALL

Director, Chair of the Independent Review Committee

RANDALL C. BARNES

Director, Member of the Independent Review Committee

JEAN M. FRASER

Director, Member of the Independent Review Committee

OFFICERS AND DIRECTORS OF PURPOSE INVESTMENTS INC.

SOM SEIF

President, Chief Executive Officer,
Chairman of the Board of Directors and Director

SCOTT BARTHOLOMEW

Chief Financial Officer, Chief Operating Officer and Director

CAITLIN GOSSAGE

Chief Compliance Officer

JEFF MITELMAN

Director