

PURPOSE
INVESTMENTS

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

PURPOSE CONSERVATIVE INCOME FUND
FOR THE FINANCIAL PERIOD ENDED JUNE 30, 2018

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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.

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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 the Fund's performance and outlook.

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

INVESTMENT OBJECTIVES AND STRATEGIES

The Purpose Conservative Income Fund (the "Fund") seeks to provide shareholders (i) a moderate positive total return consisting of dividend income and capital appreciation, while trying to reduce portfolio volatility and (ii) monthly distributions, by investing in a broad range of asset classes which may include equities, fixed income, inflation sensitive securities and cash.

To achieve its investment objectives, the Fund will use primarily rules-based portfolio selection strategies to invest in a broad range of asset classes including equities, fixed income, inflation sensitive securities and cash, with the goal of generating income and achieving a moderate positive total return in diverse market environments while reducing portfolio volatility. The Fund will, from time to time employ various investment strategies (described below), including the use of derivative instruments to generate income, reduce portfolio volatility and protect capital. These strategies are designed to hedge market risks and provide protection from market declines.

RISK

The risks of investing in the Fund are disclosed in the Fund's prospectus and there have been no significant changes during the period that affected the overall level of risk associated with the Fund.

RESULTS OF OPERATIONS

The Fund offers ETF shares listed on the Toronto Stock Exchange under the ticker symbol PRP and mutual fund series.

The net asset value per share as at:

Series	June 30, 2018 (\$)	December 31, 2017 (\$)
ETF Share	19.95	20.38
Series A	19.60	20.12
Series F	19.95	20.38
Series D	19.85	20.29
Series XA	19.08	19.63
Series XF	19.70	20.17

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

Month	ETF Shares (\$)	Series A Shares (\$)	Series F Shares (\$)	Series D Shares (\$)	Series XA Shares (\$)	Series XF Shares (\$)
January	0.0540	0.0540	0.0540	0.0540	0.0540	0.0540
February	0.0540	0.0530	0.0540	0.0540	0.0520	0.0530
March	0.0540	0.0530	0.0540	0.0540	0.0520	0.0530
April	0.0540	0.0530	0.0540	0.0540	0.0520	0.0530
May	0.0540	0.0530	0.0540	0.0540	0.0520	0.0530
June	0.0540	0.0530	0.0540	0.0540	0.0520	0.0530
Total	0.3240	0.3200	0.3240	0.3230	0.3140	0.3210

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. US markets have gained modestly, while most other geographies have lagged. Europe has been impacted by heightened political uncertainty, while changing relative interest rate expectations and the follow-through impact on currencies has been a key driver of relative market performance across the board.

US Treasury yields have shown signs of life in 2018, with the 10-year picking up sharply in Q1, before touching a seven-year high in May before risk aversion led to "safe-haven" buying that pushed yields back down in June. With the US economy in particular continuing to show strength, inflationary pressures are building. However, the amount of macro risk floating around is causing the market to question how hawkish the FOMC can continue to be on a forward-looking basis.

The Fund's performance has been slightly negative in this environment, driven by losses in dividend equities and fixed income, which more than offset a positive contribution from low risk equities. From a sector perspective, consumer discretionary, information technology and real estate were the top contributors, while consumer staples, telecommunication services and financials were the most meaningful detractors.

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.

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 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⁾

ETF Share	2018 ^(a) (\$)	2017 (\$)	2016 ^(b) (\$)
Net assets, beginning of period	20.38	20.27	20.00 ^(c)
Increase (decrease) from operations:			
Total revenue	0.32	0.66	0.16
Total expenses	(0.09)	(0.18)	(0.03)
Realized gains (losses) for the period	(0.15)	(0.01)	(0.07)
Unrealized gains (losses) for the period	(0.18)	0.19	0.30
Total increase (decrease) from operations ⁽²⁾	(0.10)	0.66	0.36
Dividends:			
From dividends	(0.32)	(0.09)	(0.04)
From capital gains	-	(0.13)	(0.05)
Return of capital	-	(0.33)	-
Total dividends ⁽³⁾	(0.32)	(0.55)	(0.09)
Net assets, end of period	19.95	20.38	20.27

Notes:

(a) Information presented is for the period January 1, 2018 to June 30, 2018.

(b) Information presented is for the period October 26, 2016 to December 31, 2016.

(c) Initial offering price.

- 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

ETF Share	2018	2017	2016
Total net asset value (\$) (000s) ⁽¹⁾	3,991	4,075	4,053
Number of shares outstanding (000s) ⁽¹⁾	200	200	200
Management expense ratio ⁽²⁾	0.72%	0.74%	0.69%
Management expense ratio before waivers or absorptions ⁽²⁾	0.72%	0.74%	0.69%
Trading expense ratio ⁽³⁾	0.15%	0.13%	0.08%
Portfolio turnover rate ⁽⁴⁾	19.96%	74.64%	31.86%
Closing market price (\$)	19.99	20.34	20.30

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 0.68% (2017 - 0.68%, 2016 - 0.61%).
- 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 A	2018 ^(a) (\$)	2017 (\$)	2016 ^(b) (\$)
Net assets, beginning of period	20.12	20.21	20.00 ^(c)
Increase (decrease) from operations:			
Total revenue	0.32	0.74	0.16
Total expenses	(0.20)	(0.45)	(0.08)
Realized gains (losses) for the period	(0.16)	(0.09)	(0.06)
Unrealized gains (losses) for the period	(0.18)	(0.08)	0.28
Total increase (decrease) from operations ⁽²⁾	(0.22)	0.12	0.30
Dividends:			
From dividends	(0.32)	(0.07)	(0.03)
From capital gains	-	(0.09)	(0.06)
Return of capital	-	(0.39)	-
Total dividends ⁽³⁾	(0.32)	(0.55)	(0.09)
Net assets, end of period	19.60	20.12	20.21

Notes:

(a) Information presented is for the period January 1, 2018 to June 30, 2018.

(b) Information presented is for the period October 26, 2016 to December 31, 2016.

(c) Initial offering price.

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- Dividends were paid in cash or reinvested in additional shares of the Fund.

RATIOS AND SUPPLEMENTAL DATA

Series A ⁽⁵⁾	2018	2017	2016
Total net asset value (\$) (000s) ⁽¹⁾	1,707	1,832	1
Number of shares outstanding (000s) ⁽¹⁾	87	91	-
Management expense ratio ⁽²⁾	1.85%	1.86%	1.82%
Management expense ratio before waivers or absorptions ⁽²⁾	1.85%	1.86%	1.82%
Trading expense ratio ⁽³⁾	0.15%	0.13%	0.08%
Portfolio turnover rate ⁽⁴⁾	19.96%	74.64%	31.86%

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.
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- 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.
- The Series A shares, Series F shares, Series D shares, and Series XF shares of the Fund are not traded on a stock exchange.

NET ASSETS PER SHARE ⁽¹⁾

Series F	2018 ^(a) (\$)	2017 (\$)	2016 ^(b) (\$)
Net assets, beginning of period	20.38	20.25	20.00 ^(c)
Increase (decrease) from operations:			
Total revenue	0.32	0.73	0.16
Total expenses	(0.09)	(0.24)	(0.02)
Realized gains (losses) for the period	(0.13)	(0.14)	(0.06)
Unrealized gains (losses) for the period	(0.15)	0.06	0.26
Total increase (decrease) from operations ⁽²⁾	(0.05)	0.41	0.34
Dividends:			
From dividends	(0.32)	(0.07)	(0.04)
From capital gains	-	(0.09)	(0.05)
Return of capital	-	(0.39)	-
Total dividends ⁽³⁾	(0.32)	(0.55)	(0.09)
Net assets, end of period	19.95	20.38	20.25

Notes:

(a) Information presented is for the period January 1, 2018 to June 30, 2018.

(b) Information presented is for the period October 26, 2016 to December 31, 2016.

(c) Initial offering price.

- 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 ⁽⁵⁾	2018	2017	2016
Total net asset value (\$) (000s) ⁽¹⁾	7,483	6,859	1
Number of shares outstanding (000s) ⁽¹⁾	375	337	-
Management expense ratio ⁽²⁾	0.71%	0.74%	0.69%
Management expense ratio before waivers or absorptions ⁽²⁾	0.71%	0.74%	0.69%
Trading expense ratio ⁽³⁾	0.15%	0.13%	0.08%
Portfolio turnover rate ⁽⁴⁾	19.96%	74.64%	31.86%

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.
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- 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.
- The Series A shares, Series F shares, Series D shares, and Series XF shares of the Fund are not traded on a stock exchange.

NET ASSETS PER SHARE ⁽¹⁾

Series D	2018 ^(a) (\$)	2017 (\$)	2016 ^(b) (\$)
Net assets, beginning of period	20.29	20.25	20.00 ^(c)
Increase (decrease) from operations:			
Total revenue	0.32	0.69	0.16
Total expenses	(0.11)	(0.26)	(0.04)
Realized gain (losses) for the period	(0.14)	(0.07)	(0.06)
Unrealized gains (losses) for the period	(0.18)	(0.26)	0.28
Total increase (decrease) from operations ⁽²⁾	(0.11)	0.10	0.34
Dividends:			
From dividends	(0.32)	(0.07)	(0.03)
From capital gains	-	(0.10)	(0.06)
Return of capital	-	(0.38)	-
Total dividends ⁽³⁾	(0.32)	(0.55)	(0.09)
Net assets, end of period	19.85	20.29	20.25

Notes:

(a) Information presented is for the period January 1, 2018 to June 30, 2018.

(b) Information presented is for the period October 26, 2016 to December 31, 2016.

(c) Initial offering price.

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- 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 D ⁽⁵⁾	2018	2017	2016
Total net asset value (\$) (000s) ⁽¹⁾	17	16	1
Number of shares outstanding (000s) ⁽¹⁾	1	1	-
Management expense ratio ⁽²⁾	0.93%	1.02%	0.98%
Management expense ratio before waivers or absorptions ⁽²⁾	0.93%	1.02%	0.98%
Trading expense ratio ⁽³⁾	0.15%	0.13%	0.08%
Portfolio turnover rate ⁽⁴⁾	19.96%	74.64%	31.86%

Notes:

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- 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.
- The Series A shares, Series F shares, Series D shares, and Series XF shares of the Fund are not traded on a stock exchange.

NET ASSETS PER SHARE ⁽¹⁾

Series XA	2018 ^(a) (\$)	2017 ^(b) (\$)
Net assets, beginning of period	19.63	20.00 ^(c)
Increase (decrease) from operations:		
Total revenue	0.31	0.52
Total expenses	(0.24)	(0.40)
Realized gains (losses) for the period	(0.14)	(0.03)
Unrealized gains (losses) for the period	(0.16)	(0.13)
Total increase (decrease) from operations ⁽²⁾	(0.23)	(0.04)
Dividends:		
From dividends	(0.31)	(0.06)
From capital gains	-	(0.08)
Return of capital	-	(0.33)
Total dividends ⁽³⁾	(0.31)	(0.47)
Net assets, end of period	19.08	19.63

Notes:

(a) Information presented is for the period January 1, 2018 to June 30, 2018.

(b) Information presented is for the period March 23, 2017 to December 31, 2017.

(c) Initial offering price.

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- 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 XA ⁽⁵⁾	2018	2017
Total net asset value (\$) (000s) ⁽¹⁾	1,192	1,166
Number of shares outstanding (000s) ⁽¹⁾	62	59
Management expense ratio ⁽²⁾	2.29%	1.87%
Management expense ratio before waivers or absorptions ⁽²⁾	2.29%	1.87%
Trading expense ratio ⁽³⁾	0.15%	0.13%
Portfolio turnover rate ⁽⁴⁾	19.96%	74.64%

Notes:

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- 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.
- The Series A shares, Series F shares, Series D shares, and Series XF shares of the Fund are not traded on a stock exchange.

NET ASSETS PER SHARE ⁽¹⁾

Series XF	2018 ^(a) (\$)	2017 (\$)	2016 ^(b) (\$)
Net assets, beginning of period	20.17	20.16	20.00 ^(c)
Increase (decrease) from operations:			
Total revenue	0.32	0.69	0.04
Total expenses	(0.14)	(0.31)	(0.02)
Realized gains (losses) for the period	(0.14)	(0.08)	(0.07)
Unrealized gains (losses) for the period	(0.17)	0.08	0.14
Total increase (decrease) from operations ⁽²⁾	(0.13)	0.38	0.09
Dividends:			
From dividends	(0.32)	(0.08)	(0.01)
From capital gains	-	(0.10)	(0.03)
Return of capital	-	(0.37)	-
Total dividends ⁽³⁾	(0.32)	(0.55)	(0.04)
Net assets, end of period	19.70	20.17	20.16

Notes:

(a) Information presented is for the period January 1, 2018 to June 30, 2018.

(b) Information presented is for the period December 13, 2016 to December 31, 2016.

(c) Initial offering price.

- 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 XF ⁽⁵⁾	2018	2017	2016
Total net asset value (\$) (000s) ⁽¹⁾	3,732	3,434	541
Number of shares outstanding (000s) ⁽¹⁾	190	170	27
Management expense ratio ⁽²⁾	1.28%	1.26%	1.69%
Management expense ratio before waivers or absorptions ⁽²⁾	1.28%	1.26%	1.69%
Trading expense ratio ⁽³⁾	0.15%	0.13%	0.08%
Portfolio turnover rate ⁽⁴⁾	19.96%	74.64%	31.86%

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. The MER includes an allocation of expenses from the underlying funds held in the portfolio. Without the allocation, the MER would be 1.23% (2017 - 1.19%, 2016 - 1.07%).
- 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.
- The Series A shares, Series F shares, Series D shares, and Series XF shares of the Fund are not traded on a stock exchange.

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 0.55% of the NAV of the ETF shares, 1.55% of the Series A shares, 0.55% of the Series F shares and 0.80% of the Series D shares, 0.55% of the Series XF shares and 1.55% of the Series XA shares. The management fees are calculated daily and paid monthly in arrears. Purpose utilizes the management fees to pay investment sub-advisory fees and service fees to registered dealers of Series A, Series D and Series XA shareholders, general and administrative expenses and earn revenue.

In addition, Series XA shares and Series XF shares will pay an additional fee of up to 0.65% per annum on the NAV of the Purpose In-Kind Exchange Fund, plus an amount in respect of hedging cost incurred in connection with the holdings of the Purpose In-Kind Exchange Fund, on a pro-rate basis.

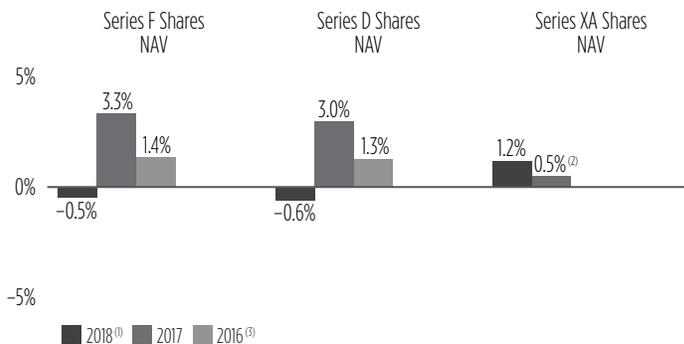
The Fund may from time to time invest in other investment funds which are related funds managed by Purpose. An investment is made where it is an efficient and cost-effective way for the Fund to execute its investment strategy. The Investment may only be made on the basis that there will be no duplication of management fees.

PAST PERFORMANCE

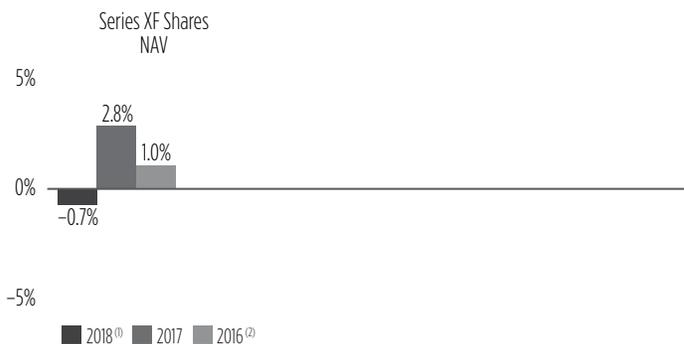
Please note that the performance information shown in this section assumes that all dividends made by the Fund, if any, in the periods shown were reinvested in additional securities of the Fund. It does not take into account sales, redemptions, distributions or other optional charges, or income taxes payable by any investor, which would have reduced the returns. The performance of the Fund in the past does not necessarily indicate how it will perform in the future.

YEAR-BY-YEAR RETURNS

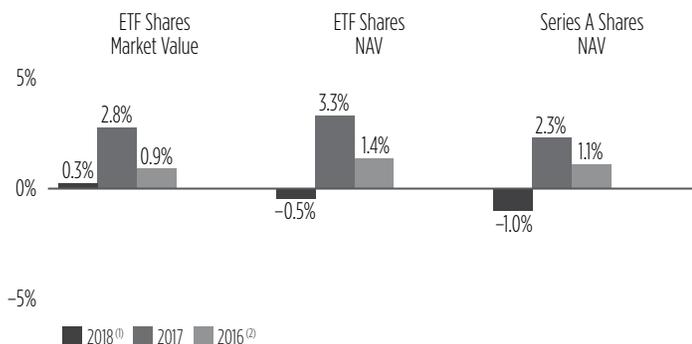
The bar charts show the performance of each series of shares for the financial period in percentage terms, indicating how much an investment made on the first day of the period would have grown or decreased by the last day of the period.



1. Return for the period January 1, 2018 to June 30, 2018.
2. Return for the period March 23, 2017 to December 31, 2017.
3. Return for the period October 26, 2016 to December 31, 2016.



1. Return for the period January 1, 2018 to June 30, 2018.
2. Return for the period December 13, 2016 to December 31, 2016.



1. Return for the period January 1, 2018 to June 30, 2018.
2. Return for the period October 26, 2016 to December 31, 2016.

SUMMARY OF INVESTMENT PORTFOLIO

As at June 30, 2018

SECTOR MIX

	% of Fund's Net Asset Value
Long Positions	
Equities:	
Financials	10.92
Consumer Discretionary	6.02
Utilities	5.91
Energy	5.88
Consumer Staples	4.58
Telecommunication Services	3.87
Information Technology	3.13
Health Care	2.86
Materials	2.70
Industrials	2.69
Retail	0.53
Equity Put Options	0.21
Fixed Income:	
Investment Grade	30.32
High Yield	5.44
Money Market Funds:	
Money Market Funds	6.62
Other Assets:	
Cash and Cash Equivalents	9.22
Net Other Assets	(0.79)
Short Positions	
Equity Put Options	(0.05)
Equity Call Options	(0.06)
Total Net Asset Value	100.00

ASSET MIX

	% of Fund's Net Asset Value
Long Positions	
Canadian Fixed Income	35.76
US Equities	35.16
Canadian Equities	13.93
Money Market Funds	6.62
Equity Put Options	0.21
Cash and Cash Equivalents	9.22
Net Other Assets	(0.79)
Short Positions	
Equity Put Options Options	(0.05)
Equity Call Options Options	(0.06)
Total Net Asset Value	100.00

TOP 25 HOLDINGS

	% of Fund's Net Asset Value
Purpose Tactical Investment Grade Bond Fund	23.73
Cash and Cash Equivalents	9.22
Purpose High Interest Savings ETF	6.62
BMO High Yield US Corporate Bond Hedged to CAD ETF	5.44
BMO Mid Federal Bond Index ETF	3.05
BMO Mid Corporate Bond Index ETF	3.01
AT&T Inc.	0.91
Verizon Communications Inc.	0.89
American Electric Power Co. Inc.	0.86
Duke Energy Corp.	0.86
General Mills Inc.	0.86
Altria Group Inc.	0.84
Enbridge Inc.	0.68
Mid-America Apartment Communities Inc.	0.68
Liberty Property Trust	0.68
Restaurant Brands International Inc.	0.67
Camden Property Trust	0.67
Pembina Pipeline Corp.	0.64
Las Vegas Sands Corp.	0.64
Bank of Montreal	0.63
Rogers Communications Inc., Class 'B'	0.63
National Bank of Canada	0.62
LyondellBasell Industries NV, Class 'A'	0.62
Emera Inc.	0.62
Thomson Reuters Corp.	0.62

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

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REGISTRAR AND TRANSFER AGENT

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SHAREHOLDER AND RECORDKEEPING

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TORONTO STOCK EXCHANGE LISTING

Ticker Symbol: PRP

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