

PURPOSE
INVESTMENTS

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE AND UNAUDITED FINANCIAL STATEMENTS

PURPOSE GLOBAL FINANCIAL INCOME FUND
(FORMERLY AUSTRALIAN BANC INCOME FUND)
FOR THE FINANCIAL PERIOD ENDED JUNE 30, 2018

TABLE OF CONTENTS

This interim management report of fund performance (“MRFP”) contains financial highlights. Purpose Global Financial Income Fund (formerly Australian Banc Income Fund)’s (the “Fund”) interim financial statements are included at the back of the MRFP.

In addition, unitholders can obtain, at no cost, a copy of the Fund’s annual financial report, proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure by visiting our website at www.purposeinvest.com or SEDAR at www.sedar.com, by calling 1-877-789-1517, or by writing to us at Purpose Investments Inc., 130 Adelaide Street West, Suite 1700, P.O. Box 83, Toronto, Ontario M5H 3P5.

For more information on the Fund’s current and historical net asset values per unit, 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.

On March 31, 2018, Redwood Asset Management Inc. ("Redwood") was amalgamated into Purpose Investments Inc. ("Purpose"). The name of the Fund was changed to the Purpose Global Financial Income Fund.

INVESTMENT OBJECTIVES AND STRATEGIES

The Fund's investment objectives are to (i) maximize total return through capital appreciation and distributions, and (ii) provide unitholders with monthly distributions, through investment in a portfolio of global financial services companies.

The Fund will invest in equity securities across the global financial services sector using multi-factor strategy that is intended to create value and reduce risk over the investment period. The Fund's portfolio will be comprised of securities that the manager believes are quality companies with attractive valuations based on financial metrics.

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 net asset value per unit as at:

Class	June 30, 2018 (\$)	December 31, 2017 (\$)
Class A	10.33	10.95
Class F	11.35	11.97

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

Month	Class A	Class F
March	0.1875	0.1875
June	0.1875	0.1875
Total	0.375	0.375

The Fund materially altered its trading strategy in mid-June 2018, moving from an Australian financials-focused mandate to a global one, ex-Canada. Assets are allocated across geographies based on top-down analysis of country-specific economic and banking sector conditions. Individual positions are selected based on screens related to dividend yield and history, profitability, and financial stability, along with analysis of loan business growth and credit quality. Long equity exposures are overlaid with a covered call writing strategy to enhance portfolio yield.

The Fund maintains Australian exposure as its largest, with smaller exposures to Europe, the UK, and the US.

Performance has been flat over the short period during which the Fund has been operating according to its new strategy.

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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.

SUBSEQUENT EVENTS

On July 4, 2018, Purpose Global Financials Income Fund completed its conversion from a closed-end fund to an open-end fund. Class A units of the closed-end fund converted into ETF units of the open-end fund under the ticker symbol PFG and Class F units of the closed-end fund converted into open-end Class F mutual fund units. Class A mutual fund units of Purpose Global Financials Income Fund launched on July 4, 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 6-month period ended June 30, 2018, the 10-month period ended December 31, 2017 and the 12-month periods ended February 28:

NET ASSETS PER UNIT ⁽¹⁾

Class A	Jun. 30, 2018 ^(a) (\$)	Dec. 31, 2017 (\$)	Feb. 28, 2017 (\$)	Feb. 28, 2016 (\$)	Feb. 28, 2015 (\$)	Feb. 28, 2014 (\$)
Net asset value, beginning of year	10.95	11.81	9.34	12.74	11.72	11.26
Increase (decrease) from operations:						
Total revenue	0.32	0.58	0.84	0.81	0.83	0.58
Total expenses	(0.10)	(0.19)	(0.39)	(0.34)	(0.39)	(0.19)
Realized gains (losses) for the period	(0.09)	0.63	0.51	0.50	0.20	1.39
Unrealized gains (losses) for the period	(0.37)	(1.38)	2.47	(3.66)	1.09	(0.48)
Total increase (decrease) from operations ⁽²⁾	(0.24)	(0.36)	3.43	(2.69)	1.73	1.30
Distributions:						
From investment income	(0.38)	(0.45)	(0.65)	(0.42)	(0.55)	(0.68)
From capital gains	-	(1.48)	(0.30)	(0.19)	(0.23)	(0.01)
Return of capital	-	-	-	(0.14)	-	(0.06)
Total distributions ⁽³⁾	(0.38)	(1.93)	(0.95)	(0.75)	(0.78)	(0.75)
Net asset value, end of year	10.33	10.95	11.81	9.34	12.74	11.72

Notes:

- Information presented is for the period January 1, 2018 to June 30, 2018.
- This information is derived from the Fund's financial statements.
- Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted-average number of units outstanding over the financial period.
- Distributions were paid in cash or reinvested in additional units of the Fund.

RATIOS AND SUPPLEMENTAL DATA

Class A	Jun. 30, 2018	Dec. 31, 2017	Feb. 28, 2017	Feb. 28, 2016	Feb. 28, 2015	Feb. 28, 2014
Total net asset value (\$) (000's) ⁽¹⁾	31,218	33,043	79,509	65,753	93,575	89,769
Number of units outstanding (000's) ⁽¹⁾	3,022	3,018	6,731	7,042	7,347	7,659
Management expense ratio ⁽²⁾	1.57%	1.40%	1.32%	1.33%	1.35%	1.55%
Trading expense ratio ⁽³⁾	0.29%	0.25%	0.18%	0.02%	0.04%	0.17%
Portfolio turnover rate ⁽⁴⁾	57.94%	73.67%	129.16%	9.09%	33.07%	184.96%
Closing market price (\$)	10.29	10.82	11.35	9.28	12.25	11.44

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 distributions, 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 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 classes of units 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 classes of units of the Fund.

NET ASSETS PER UNIT ⁽¹⁾

Class F	Jun. 30, 2018 ^(a) (\$)	Dec. 31, 2017 (\$)	Feb. 28, 2017 (\$)	Feb. 28, 2016 (\$)	Feb. 28, 2015 (\$)	Feb. 28, 2014 (\$)
Net asset value, beginning of year	11.97	12.80	10.01	13.54	12.36	11.78
Increase (decrease) from operations:						
Total revenue	0.34	0.63	0.90	0.86	0.83	0.61
Total expenses	(0.08)	(0.15)	(0.38)	(0.32)	(0.01)	(0.16)
Realized gains (losses) for the period	(0.10)	0.68	0.55	0.54	0.20	1.46
Unrealized gains (losses) for the period	(0.41)	(1.24)	2.65	(3.85)	0.93	(0.36)
Total increase (decrease) from operations ⁽²⁾	(0.25)	(0.08)	3.72	(2.77)	1.95	1.55
Distributions:						
From investment income	(0.38)	(0.63)	(0.65)	(0.42)	(0.55)	(0.68)
From capital gains	-	(1.43)	(0.30)	(0.19)	(0.23)	(0.01)
Return of capital	-	-	-	(0.14)	-	(0.06)
Total distributions ⁽³⁾	(0.38)	(2.06)	(0.95)	(0.75)	(0.78)	(0.75)
Net asset value, end of year	11.35	11.97	12.80	10.01	13.54	12.36

Notes:

- Information presented is for the period January 1, 2018 to June 30, 2018.
- This information is derived from the Fund's financial statements.
- Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted-average number of units outstanding over the financial period.
- Distributions were paid in cash or reinvested in additional units of the Fund.

RATIOS AND SUPPLEMENTAL DATA

Class F	Jun. 30, 2018	Dec. 31, 2017	Feb. 28, 2017	Feb. 28, 2016	Feb. 28, 2015	Feb. 28, 2014
Total net asset value (\$) (000's) ⁽¹⁾	936	1,035	1,112	1,053	1,499	1,422
Number of units outstanding (000's) ⁽¹⁾	82	86	87	105	111	115
Management expense ratio ⁽²⁾	1.11%	1.09%	0.95%	0.93%	0.93%	1.18%
Trading expense ratio ⁽³⁾	0.29%	0.25%	0.18%	0.02%	0.04%	0.17%
Portfolio turnover rate ⁽⁴⁾	57.94%	73.67%	129.16%	9.09%	33.07%	184.96%

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 distributions, 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.
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- 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 classes of units of the Fund.

MANAGEMENT FEES

Pursuant to a Trust Agreement, the Fund retained Redwood Asset Management Inc. to act as manager (the “Manager”). As compensation for coordinating the organization of and managing the ongoing business and administrative affairs of the Fund, the Manager is entitled to an annual management fee in an amount equal to 0.55% per annum of the NAV of the Fund to be calculated and payable monthly in arrears, plus applicable taxes.

The Fund pays a service fee to dealers whose clients hold Class A Units in the Fund. The service fee is calculated and payable each calendar quarter in arrears and is equal to 0.40% annually of the NAV of the Class A Units held by clients of the dealers.

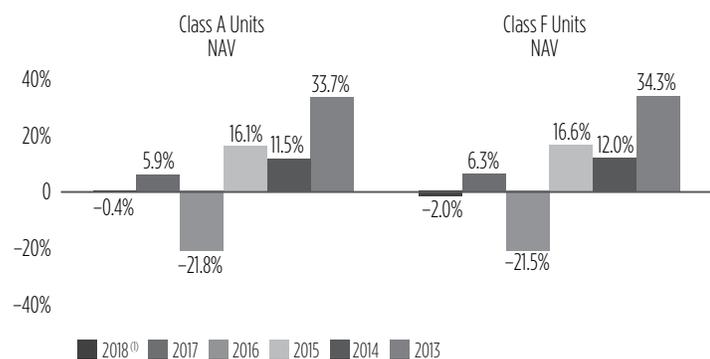
The Fund is also responsible for various expenses relating to its operations and management. These expenses may include, without limitation, items such as financial reporting, mailing, printing, trustee fees, custodial fees, transfer agent fees, legal fees, valuation agent fees, audit fees, regulatory fees, and Independent Review Committee costs. The Fund is also responsible for all taxes, commissions and other costs of securities transactions and any extraordinary expenses that it may incur or that may be incurred on its behalf from time to time. Except for interest and bank charges paid or payable directly by the Fund, the Manager incurs such expenses on the Fund’s behalf and is then reimbursed by the Fund for such expenses. The Fund’s common operating expenses are allocated to unit classes based on the average daily Net Asset Value of each class.

PAST PERFORMANCE

The indicated rates of return are the historical total returns including changes in unit values and assume reinvestment of all distributions in additional units of the relevant class of the Fund. 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 class of units 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.

SUMMARY OF INVESTMENT PORTFOLIO

As at June 30, 2018

SECTOR MIX

	% of Fund's Net Asset Value
Financials	101.9
Cash and Cash Equivalents	(4.4)
Net Other Assets	2.5
Total Net Asset Value	100.00

TOP 25 HOLDINGS

	% of Fund's Net Asset Value
Macquarie Group Limited	10.8
Commonwealth Bank of Australia	10.6
Westpac Banking Corporation	10.6
National Australia Bank Limited	10.5
Bank of Queensland Limited	10.0
Lloyds Banking Group PLC	3.9
HSBC Holdings PLC	3.7
Standard Chartered PLC	3.7
Barclays PLC	3.7
Citigroup Inc.	2.6
Huntington Bancshares Inc.	2.5
JPMorgan Chase & Co.	2.5
New York Community Bancorp Inc.	2.4
Cullen/Frost Bankers Inc.	2.4
Umpqua Holdings Corporation	2.4
Zions Bancorporation	2.4
Fifth Third Bancorp	2.4
Citizens Financial Group Inc.	2.4
PacWest Bancorp	2.3
Svenska Handelsbanken AB, Class 'A'	2.1
Swedbank AB	2.1
ABN AMRO Group NV	2.0
Banca Mediolanum SpA	2.0
Danske Bank AS	1.9

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

INTERIM FINANCIAL STATEMENTS (unaudited)

NOTICE TO UNITHOLDERS

Purpose Investments Inc., the Manager of Purpose Global Financial Income Fund (formerly Australian Banc Income Fund) (the “Fund”), appoints independent auditors to audit the Fund’s annual Financial Statements. Under Canadian securities laws (National Instrument 81-106), if an auditor has not reviewed the interim Financial Statements, this must be disclosed in an accompanying notice. The Fund’s independent auditor has not performed a review of these interim Financial Statements in accordance with the standards established by the Chartered Professional Accountants of Canada.

STATEMENTS OF FINANCIAL POSITION
(unaudited)

As at:

	June 30, 2018 (\$)	December 31, 2017 (\$)
Assets		
Investments:		
Non-derivative financial assets	32,770,121	33,226,957
Cash and cash equivalents	-	852,681
Cash Margin	8,582	8,619
Receivables:		
Dividends	826,312	-
Prepaid expenses	117,962	106,352
Total assets	33,722,977	34,194,609
Liabilities		
Bank overdraft	1,414,085	
Payables:		
Management fees (note 5)	20,669	19,656
Independent review committee fees	1,984	
Accrued expenses	132,114	97,704
Capital shares redeemed	25	
Total liabilities	1,568,877	117,360
Net assets attributable to holders of redeemable units	32,154,100	34,077,249
Net assets attributable to holders of redeemable units by class		
Class A	31,218,314	33,042,500
Class F	935,786	1,034,749
Total	32,154,100	34,077,249
Number of units outstanding (note 4)		
Class A	3,022,379	3,018,003
Class F	82,415	86,415
Net assets attributable to holders of redeemable units per unit		
Class A	10.33	10.95
Class F	11.35	11.97

The accompanying notes are an integral part of the financial statements.

Approved on behalf of the Board of Directors of Purpose Investments Inc., as trustee and manager of Purpose Global Financial Income Fund (formerly Australian Banc Income Fund)



Som Seif
Director
August 29, 2018



Scott Bartholomew
Director

STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)

For the period from March 1, 2017 to June 30, 2017 and the year ended June 30, 2018:

	June 30, 2018 (\$)	June 30, 2017 (\$)
Income		
Net gains (losses) on investments and derivatives		
Dividend income	984,215	2,571,740
Interest for distribution purposes	37	-
Net realized gain (loss) on foreign exchange transactions	-	(381,491)
Net realized gain (loss) on sales of investments	(175,337)	3,641,628
Net realized gain (loss) on options contracts	-	(63,670)
Change in unrealized appreciation (depreciation) in the value of investment	(1,158,689)	(8,192,616)
Change in unrealized appreciation (depreciation) in the value of options	-	(14,294)
Change in unrealized appreciation (depreciation) on foreign exchange transactions	-	(39,002)
Net gains (losses) on investments and derivatives	(349,774)	(2,477,705)
Foreign exchange gain (loss) on currency	(101,897)	-
Total revenue	(451,671)	(2,477,705)
Expenses		
Management fees (note 5)	177,772	409,242
Transaction costs (note 8)	48,725	50,384
Valuation and administrative fees	34,796	-
Audit fees	12,485	10,120
Custodial and other unitholders' fees	10,191	19,971
Operating fees	9,664	14,305
Legal fees	8,445	2,576
Independent review committee fees	1,984	2,516
Withholding taxes (note 6)	1,774	532,033
Interest and bank charges	57	1,862
Listing fees	-	5,972
Income tax expenses	-	33,632
Other expenses	1,289	4,132
Total expenses	307,182	1,086,745
Increase (decrease) in net assets attributable to holders of redeemable units (note 7)	(758,853)	(3,564,450)
Increase (decrease) in net assets attributable to holders of redeemable units per class (note 7)		
Class A	(737,669)	(3,517,453)
Class F	(21,184)	(46,997)
Total	(758,853)	(3,564,450)
Average number of units outstanding for the period per class (note 7)		
Class A	3,020,338	6,730,542
Class F	84,280	86,780
Increase (decrease) in net assets attributable to holders of redeemable units per unit (note 7)		
Class A	(0.24)	(0.52)
Class F	(0.25)	(0.54)

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CHANGES IN FINANCIAL POSITION (unaudited)

For the period from March 1, 2017 to June 30, 2017 and the year ended June 30, 2018:

	June 30, 2018 (\$)	June 30, 2017 (\$)
Class A		
Net assets attributable to holders of redeemable units at beginning of year	33,042,500	79,508,576
Increase (decrease) in net assets attributable to holders of redeemable units	(737,669)	(3,517,453)
Redeemable unit transactions		
Unit exchanges	46,567	4,828
Payments for redemption of redeemable units	(31,218,314)	–
Net increase (decrease) from redeemable unit transactions	(31,171,747)	4,828
Distributions paid or payable to holders of redeemable units		
From investment income	(1,133,084)	(1,716,952)
From capital gains	–	(806,987)
Total distributions to holders of redeemable units	(1,133,084)	(2,523,939)
Net increase (decrease) in net assets attributable to holders of redeemable units	(33,042,500)	(6,036,564)
Net assets attributable to holders of redeemable units at end of year	31,218,314	73,472,012
Class F		
Net assets attributable to holders of redeemable units at beginning of year	1,034,749	1,111,574
Increase (decrease) in net assets attributable to holders of redeemable units	(21,184)	(46,997)
Redeemable unit transactions		
Unit exchanges	(46,592)	(4,828)
Net increase (decrease) from redeemable unit transactions	(46,592)	(4,828)
Distributions paid or payable to holders of redeemable units		
From investment income	(31,187)	(22,148)
From capital gains	–	(10,409)
Total distributions to holders of redeemable units	(31,187)	(32,557)
Net increase (decrease) in net assets attributable to holders of redeemable units	(98,963)	(84,382)
Net assets attributable to holders of redeemable units at end of year	935,786	1,027,192

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CASH FLOWS (unaudited)

For the period from March 1, 2017 to June 30, 2017 and the year ended June 30, 2018:

	June 30, 2018 (\$)	June 30, 2017 (\$)
Cash Flows from Operating Activities		
Increase (decrease) in net assets attributable to holders of redeemable units	(758,853)	(3,564,450)
Adjustments for:		
Foreign exchange loss (gain) on cash	101,897	39,002
Purchase of investments	(19,839,982)	(42,158,846)
Proceeds from investments sold	18,914,141	43,635,481
Net realized (gain) loss on sales of investments	175,337	(3,641,628)
Net realized (gain) loss on options contracts	–	63,670
Change in unrealized (appreciation) depreciation in the value of investments	1,158,689	8,192,616
Change in unrealized (appreciation) depreciation in the value of options	–	14,294
Net change in non-cash working capital balances	(800,552)	(171,418)
Transaction costs (note 9)	48,725	–
	(1,000,598)	2,408,721
Cash Flows from (used in) Financing Activities		
Proceeds from redeemable units issued	31,264,881	–
Unit exchanges	25	–
Payments for units redeemed	(31,264,906)	–
Distributions paid to holders of redeemable units, net of reinvested distributions	(1,164,271)	(2,556,496)
	(1,164,271)	(2,556,496)
Foreign exchange gain (loss) on cash	(101,897)	(39,002)
Net increase (decrease) in cash and cash equivalents	(2,164,869)	(147,775)
Cash and cash equivalents, at beginning of period	852,681	716,844
Cash and cash equivalents, at end of period	(1,414,085)	530,067
Interest received	37	–
Dividends received, net of withholding taxes	156,129	1,993,614
Interest paid	57	1,862

The accompanying notes are an integral part of the financial statements.

SCHEDULE OF INVESTMENTS (unaudited)

As at June 30, 2018

Security	Number of shares/units/ par value	Average Cost (\$)	Fair Value (\$)
Long Positions – 101.9%			
Financials – 101.9%			
ABN AMRO Group NV	19,376	660,366	660,979
Banca Mediolanum SpA	72,777	671,288	648,598
Bank of Queensland Limited	324,413	3,311,058	3,216,205
Barclays PLC	361,251	1,215,800	1,184,601
Citigroup Inc.	9,391	833,674	826,186
Citizens Financial Group Inc.	14,914	827,829	762,700
Commonwealth Bank of Australia	48,174	3,848,976	3,415,330
Cullen/Frost Bankers Inc.	5,498	832,917	782,353
Danske Bank AS	14,987	657,477	616,871
Fifth Third Bancorp	20,317	825,960	766,570
HSBC Holdings PLC	97,138	1,226,037	1,197,780
Huntington Bancshares Inc.	40,808	834,918	791,848
JPMorgan Chase & Co.	5,777	825,757	791,371
Lloyds Banking Group PLC	1,133,800	1,216,520	1,240,289
Macquarie Group Limited	28,847	2,296,832	3,470,292
National Australia Bank Limited	126,610	3,915,004	3,376,356
New York Community Bancorp Inc.	54,328	840,146	788,502
PacWest Bancorp	11,561	829,098	751,118
Standard Chartered PLC	99,093	1,227,558	1,190,767
Svenska Handelsbanken AB, Class 'A'	45,751	667,072	668,567
Swedbank AB	23,483	662,940	661,092
Umpqua Holdings Corporation	26,304	836,262	781,175
Westpac Banking Corporation	119,279	3,806,513	3,400,187
Zions Bancorporation	11,266	837,279	780,384
		33,707,281	32,770,121
Total Long Positions – 101.9%		33,707,281	32,770,121
Transaction Costs (note 8)		(66,724)	–
Total Investments – 101.9%		33,640,557	32,770,121
Cash and Cash Equivalents – (4.4%)			(1,414,085)
Other Assets, Less liabilities – 2.5%			798,064
Net Assets Attributable to Holders of Redeemable Units – 100.0%			32,154,100

The accompanying notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

1. THE FUND

Purpose Global Financial Income Fund (formerly Australian Banc Income Fund) (the "Fund") is a close-ended investment trust established under the laws of the Province of Ontario and governed by the Trust Agreement dated February 24, 2011 (the "Trust Agreement") and commenced operations on March 18, 2011. The manager of the Fund is Purpose Investments Inc. (the "Manager") and CIBC Mellon the trustee (the "Trustee"). The fiscal year-end of the Fund is the last day of December. The Fund offers Class A Units and Class F Units. The Class A Units are listed on the Toronto Stock Exchange (the "TSX") under the symbol AUI.UN. The last traded price as of June 30, 2018 was \$10.29. The Class F Units are designed for fee-based accounts and are not listed on a stock exchange but may be converted into Class A Units on a weekly basis.

On March 31, 2018, Redwood Asset Management Inc. ("Redwood") was amalgamated into Purpose Investments Inc. ("Purpose"). The name of the Fund was changed to the Purpose Global Financial Income Fund.

The Fund's financial statements includes the *Schedule of Investments* as at June 30, 2018 and the *Statements of Financial Position* as at June 30, 2018 and December 31, 2017, and the *Statements of Comprehensive Income*, the *Statements of Changes in Financial Position* and the *Statements of Cash Flows* for the period from March 1, 2017 to June 30, 2017 and the year ended June 30, 2018 (the "financial statements").

The financial statements were approved for issuance by the Manager on August 29, 2018.

2. INVESTMENT OBJECTIVES

The Fund's investment objectives are to (i) maximize total return through capital appreciation and distributions, and (ii) provide unitholders with monthly distributions, through investment in a portfolio of global financial services companies.

The Fund will invest in equity securities across the global financial services sector using multi-factor strategy that is intended to create value and reduce risk over the investment period. The Fund's portfolio will be comprised of securities that the manager believes are quality companies with attractive valuations based on financial metrics.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements have been prepared on a going concern basis using the historical-cost convention. However, the Fund is an investment entity and primarily all financial assets and financial liabilities are measured at fair value in accordance with IFRS. Accordingly, 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 unitholders.

In applying IFRS, management may make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses during the reporting periods. Actual results may differ from such estimates. The preparation of the Fund's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts recognized in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The Manager has concluded that the Fund has met the additional characteristics of an investment entity within IFRS 10, *Consolidated Financial Statements*.

The financial statements have been presented in Canadian dollars, which is the Fund's functional currency.

FINANCIAL INSTRUMENTS

Financial instruments include financial assets and liabilities such as debt and equity securities, open-ended investment funds and derivatives. The Fund classifies and measures financial instruments in accordance with IFRS 9, *Financial Instruments* ("IFRS 9"). On initial adoption of IFRS 9, there was no impact to the financial statements of the Fund. Upon initial recognition, financial instruments are classified as fair value through profit or loss ("FVTPL"). All financial instruments are recognized in the Statement of Financial Position when the Fund becomes a party to the contractual requirements of the instrument. Financial assets are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation is discharged, cancelled and expires. As such, investment purchase and sale transactions are recorded as of the trade date. Financial instruments are subsequently measured at FVTPL with changes in fair value recognized in the Statement of Comprehensive Income – Net unrealized gain (loss).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Fund includes in this category amounts relating to receivables in respect of amounts receivables for portfolio securities sold and other short-term receivables.

Other financial liabilities

This category includes all financial liabilities, other than those classified as fair value through profit or loss. The Fund includes in this category amounts relating to payables in respect of amounts payable for portfolio securities purchased and other accrued liabilities.

A financial asset or a financial liability is recognized when the Fund becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognized on the trade date.

Valuation of financial instruments

Financial assets and financial liabilities at fair value through profit or loss are recorded in the Statements of Financial Position at fair value upon initial recognition. All transaction costs such as brokerage commissions, incurred in the purchase and sale of securities for such instruments are recognized directly in profit or loss. Loans and receivables and other financial liabilities (other than those classified as fair value through profit or loss) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

After initial measurement, the Fund measures financial instruments that are classified as fair value through profit or loss at fair value. Subsequent changes in the fair value of those financial instruments are recorded in unrealized appreciation (depreciation) on investments. The applicable period change in unrealized appreciation (depreciation) on investments is included on the Statement of Comprehensive Income. The average cost of portfolio investments represents the sum of the average cost of each portfolio investment. For the purposes of determining the average cost of each portfolio investment, the purchase price of the portfolio investment acquired by the Fund is added to the average cost of the particular portfolio investment immediately prior to the purchase. The average cost of a portfolio investment is reduced by the number of shares or units sold multiplied by the average cost of the portfolio investment at the time of the sale. The average cost per share or unit of each portfolio investment sold is determined by dividing the average cost of the portfolio investment by the number of shares or units held immediately prior to the sale transaction. Transaction costs incurred in portfolio transactions are excluded from the average cost of investments and are recognized immediately in net income and are presented as a separate expense item in the financial statements. Realized gains and losses from the sale of portfolio investments are

NOTES TO THE FINANCIAL STATEMENTS (unaudited) (continued)

also calculated based on the average costs, excluding transaction costs, of the related investment.

Loans and receivables and other financial liabilities (other than those classified as fair value through profit or loss) are measured at amortized cost.

The Fund's obligation for net assets attributable to holders of redeemable units is presented at the redemption amount before discount.

The Fund measures its financial instruments, such as equities, bonds and other interest-bearing investments and derivatives, at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in the principal market for the asset or liability.

The fair values of each specific type of investments and derivatives are determined in the following manner:

Portfolio investments

Portfolio investments listed on recognized public securities exchanges are valued using their last traded market price on the securities exchange when the price falls within the day's bid-ask spread. In the circumstance when the close or last traded price falls outside of the bid-ask spread, then fair value is determined by using bid price for long positions and ask price for short positions or a different point within the bid-ask spread that management determines to be more representative of fair value.

Derivatives

Valuation of forward currency contracts

The Fund may enter into forward currency contracts for hedging purposes or to establish an exposure to a particular currency. Forward currency contracts are valued at fair value of the gain or loss, if any, that would be realized on the valuation date if the position in the forward currency contracts were to be closed out. The gain or loss on forward currency contracts is included in the Statement of Comprehensive Income.

Valuation of equity forward agreement

The value of a forward agreement is the gain or loss that would be realized if, on the valuation date, the position was closed out. The forward agreement is valued each day by applying the value of the collateral portfolio versus the value of the underlying holdings of the forward agreement. The difference in the valuation is recorded in the Statements of Financial Position as the forward agreement, at fair value. When the equity forward agreements are closed out, any gains or losses realized are included in net realized gain or loss on equity forward agreement.

Other financial assets and liabilities

All trade receivables and other accounts receivable are designated as receivables. They are recorded at amortized cost, which approximates their fair value. Similarly, all trade payables and accrued expenses are designated as financial liabilities and are recorded at amortized cost, which approximates their fair value.

INCOME RECOGNITION

Interest income for distribution purposes

The interest for distribution purposes shown on the Statement of Comprehensive Income represents the interest received by the Fund accounted for on an accrual basis.

Dividend revenue

Dividend revenue is recognized when the Fund's right to receive the payment is established. Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the Statement of Comprehensive Income.

Securities lending

The Fund may lend portfolio securities in order to earn additional revenue from fees paid by the counterparty, which is included on the Statement of

Comprehensive Income. These transactions involve the temporary exchange of securities as collateral with a commitment to deliver the same securities on a future date.

The market value of the loaned securities is determined on the close of any valuation date and any additional required collateral is delivered to the Fund on the next business day. The securities on loan continue to be included on the Schedule of Investments and are included in the total value on the Statements of Financial Position in Investments at fair value.

REDEEMABLE PARTICIPATING UNITS

Redeemable participating units are classified as financial liabilities and are redeemable at the unitholder's option at prices based on the Fund's NAV per unit at the time of redemption. The amounts are continuously measured at their redemption value prior to discounts. The Fund's units do not meet the criteria in IAS 32 for classification as equity and therefore, have been reclassified and presented as a financial liability.

FUNCTIONAL AND PRESENTATION CURRENCY

The Fund's functional currency is the Canadian dollar (unless otherwise noted), which is the currency of the primary economic environment in which it operates. The Fund's performance is evaluated and its liquidity is managed in Canadian dollars (unless otherwise noted). Therefore, the Canadian dollar is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The Fund's presentation currency is also the Canadian dollar, unless otherwise noted.

FOREIGN CURRENCY TRANSLATIONS

Transactions during the year, including purchases and sales of securities, income and expenses, are translated into Canadian dollars at the rate of exchange prevailing on the date of the transaction. Assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange at the reporting date.

Foreign currency transaction gains and losses on financial instruments classified as fair value through profit or loss are included in profit or loss in the Statement of Comprehensive Income as part of the "net gains on investments and derivatives".

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Fund based the assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

Fair value of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Statements of Financial Position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statements of Financial Position and the level where the instruments are disclosed in the fair value hierarchy. The models are tested for validity by calibrating to prices from any observable current market transactions in the same instrument (without modification or repackaging) when available.

NOTES TO THE FINANCIAL STATEMENTS (unaudited) (continued)

Classification and measurement of investments and application of the fair value option

In classifying and measuring financial instruments held by the Fund, Purpose is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. Purpose has assessed the Fund's business model, the manner in which all financial instruments are managed and performance evaluated as a group on a fair value basis, and concluded that FVTPL in accordance with IFRS 9 provides the most appropriate measurement and presentation of the Fund's financial instruments.

4. REDEEMABLE PARTICIPATING UNITS

The beneficial interest in the net assets and net income of the Fund is divided into two classes of Units, Class A Units and Class F Units.

The Class A Units and Class F Units may be redeemed on an Annual Redemption Date, which is the second last Business Day of September of each year, subject to certain conditions and in order to effect such a redemption, the Units must be surrendered by no later than 5:00 p.m. (Toronto time) on the last Business Day of August in the year of redemption. Unitholders whose Units are redeemed on an Annual Redemption Date will receive a redemption price in an amount equal to 100% of the Annual Redemption Price, which is the redemption price per Unit equal to 100% of the NAV per Unit of the relevant class, less any costs associated with the redemption, including brokerage costs and any net realized capital gains or income to the Fund that are distributed to a Unitholder concurrently with the proceeds of disposition on redemption.

In addition to the annual redemption right, the Class A Units and Class F Units may also be redeemed on a Monthly Redemption Date, which is the second last Business Day of each month other than the month of September, subject to certain conditions and in order to effect such a redemption, the Units must be surrendered by no later than 5:00 p.m. (Toronto time) on the last Business Day of the month preceding the Monthly Redemption Date. Unitholders surrendering a Class A Unit for redemption will receive a redemption price equal to the lesser of (i) 95% of the Market Price of a Class A Unit, which is the weighted average trading price on the TSX (or such other stock exchange on which such security is listed), for the 10 trading days immediately preceding such Monthly Redemption Date and (ii) 100% of the Closing Market Price of a Class A Unit on the applicable Monthly Redemption Date, which is the closing price of such security on the TSX on such Monthly Redemption Date (or such other stock exchange on which such security is listed) or, if there was no trade on the relevant Monthly Redemption date, the average of the last bid and the last asking prices of the security on the TSX on such Monthly Redemption Date (or such other stock exchange on which the security is listed), less in each case, any costs associated with the redemption, including brokerage costs and less any net realized capital gains or income of the Fund that are distributed to a Unitholder concurrently with the proceeds of disposition on redemption, being the Monthly Redemption Amount. Unitholders surrendering a Class F Unit for redemption will receive an amount equal to the product of (i) the Monthly Redemption Amount and (ii) a fraction, the numerator of which is the most recently calculated NAV per Unit of a Class F Unit and the denominator of which is the most recently calculated NAV per Unit of a Class A Unit.

The Class F Units may be converted into Class A Units on a weekly basis. A holder of Class F Units may convert such Class F Units into Class A Units from time to time and it is expected that liquidity for the Class F Units will be obtained primarily by means of conversion into Class A Units. The Class F Units may be converted in any week on the first Business Day of such week by delivering a notice and surrendering such Class F Units by 3:00 p.m. (Toronto time) at least five Business Days prior to the applicable Conversion Date. For each Class F Unit so converted, a holder will receive that number of Class A Units equal to the NAV per Class F Unit as of the close of trading on the Business Day immediately preceding the Conversion Date divided by the NAV per Class A Unit as of the close of trading on the Business Day immediately preceding the Conversion Date. No fraction of a Class A Unit will be issued upon any conversion of Class F Units.

Changes in outstanding units during the period ended June 30, 2018 and December 31, 2017:

	Number of Units	
	Class A	Class F
Outstanding, February 28, 2017	6,730,504	86,815
Class F Units converted to Class A Units	435	(400)
Redeemed	(3,712,936)	-
Outstanding, December 31, 2017	3,018,003	86,415
Issued	4,376	-
Redeemed	-	(4,000)
Outstanding, June 30, 2018	3,022,379	82,415

5. MANAGEMENT FEES AND OTHER EXPENSES

Pursuant to a Trust Agreement, the Fund retained Purpose Investments Inc. to act as manager (the "Manager"). As compensation for coordinating the organization of and managing the ongoing business and administrative affairs of the Fund, the Manager is entitled to an annual management fee in an amount equal to 0.65% per annum of the NAV of the Fund to be calculated and payable monthly in arrears, plus applicable taxes.

The Fund pays a service fee to dealers whose clients hold Class A Units in the Fund. The service fee is calculated and payable each calendar quarter in arrears and is equal to 0.40% annually of the NAV of the Class A Units held by clients of the dealers.

The Fund is also responsible for various expenses relating to its operations and management. These expenses may include, without limitation, items such as financial reporting, mailing, printing, trustee fees, custodial fees, transfer agent fees, legal fees, valuation agent fees, audit fees, regulatory fees, and Independent Review Committee costs. The Fund is also responsible for all taxes, commissions and other costs of securities transactions and any extraordinary expenses that it may incur or that may be incurred on its behalf from time to time. Except for interest and bank charges paid or payable directly by the Fund, the Manager incurs such expenses on the Fund's behalf and is then reimbursed by the Fund for such expenses. The Fund's common operating expenses are allocated to unit classes based on the average daily Net Asset Value of each class.

6. INCOME TAXES AND WITHHOLDING TAXES

The Fund qualifies and intends to continue to qualify as a mutual fund trust under the Income Tax Act (Canada) and, accordingly, is subject to tax on its investment income, including net realized capital gains, for any tax year in which its net investment income or sufficient net realized capital gains are not paid or payable to its unitholders as at the end of its tax year. It is the intention of the Manager that all annual net investment income and sufficient net taxable capital gains will be distributed to unitholders on a tax year basis such that no Canadian income taxes are payable by the Fund. As a result thereof, no provision for income taxes is made in these financial statements.

The Fund did not have any net taxable capital losses or non-capital losses carry forward balances as at tax year ended December 31, 2017.

The Fund may incur withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the Statement of Comprehensive Income.

7. INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT

Increase (decrease) in net assets from operations attributable to holders of redeemable units per unit of each Class is calculated by dividing the Increase (decrease) in net assets attributable to holders of redeemable units from operations (excluding distributions), as reported in the Statement of

NOTES TO THE FINANCIAL STATEMENTS (unaudited) (continued)

Comprehensive Income, by the weighted average number of units in issue during the related period.

8. BROKERAGE COMMISSIONS

Commissions paid to brokers in connection with portfolio transactions are included in transaction costs in the Fund's Statement of Comprehensive Income. Brokerage business is allocated based on which broker can deliver to the Fund the best trade execution.

Soft dollar arrangements are when trades are allocated to brokers that provide or pay for, in addition to transaction execution, investment research, statistical or other similar services. The Investment Advisor does not use soft dollar arrangements when selecting brokers for trade execution for the Fund.

9. FAIR VALUE INVESTMENTS

IFRS 13 requires disclosures relating to fair value measurements using a three-level fair value hierarchy. The level within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. Assessing the significance of a particular input requires judgment, considering factors specific to the asset or liability. The Fund's hierarchy for disclosing the fair value of its financial instruments is based on the inputs summarized below:

- Level 1 – valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities.
- Level 2 – valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived from or corroborated by observable market data by correlation or other means.
- Level 3 – valuation techniques with significant unobservable market inputs.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by reassessing the categorization at the end of each reporting period.

The following inputs were used in valuing the Fund's investments and derivatives at fair values as at June 30, 2018:

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Financial assets				
Equities	32,770,121	-	-	32,770,121
Total financial assets	32,770,121	-	-	32,770,121
Total financial assets and liabilities	32,770,121	-	-	32,770,121

The following inputs were used in valuing the Fund's investments and derivatives at fair values as at December 31, 2017:

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Financial assets				
Equities	33,226,957	-	-	33,226,957
Total financial assets	33,226,957	-	-	33,226,957
Total financial assets and liabilities	33,226,957	-	-	33,226,957

During the periods ended June 30, 2018 and December 31, 2017, there were no transfers of assets between Level 1, Level 2 and Level 3.

As at June 30, 2018 and December 31, 2017, the Level 3 securities had zero value.

10. FINANCIAL RISKS

In the normal course of business, the Fund is exposed to a variety of financial risks: market price risk, interest rate risk, currency risk, credit risk and liquidity risk. The Fund's primary risk management objective is to protect earnings and cash flow and, ultimately, unitholder value. Risk management strategies, as discussed below, are designed and implemented to ensure the Fund's risks and related exposures are consistent with its objectives and risk tolerance.

Most of the Fund's risks are derived from its investments. The value of the investments within the Fund's portfolio can fluctuate on a daily basis as a result of changes in interest rates, economic conditions, commodity prices, and the market and company news related to specific securities held by the Fund. The investments are made in accordance with the Fund's risk management policies. The policies establish investment objectives, strategies, criteria and restrictions.

The objectives of these policies are to identify and mitigate investment risk through a disciplined investment process and the appropriate structuring of each transaction.

Market price risk

Market price risk arises primarily from uncertainties about the future market prices of instruments held. Market price fluctuations may be caused by factors specific to an individual investment, or factors affecting all securities traded in a market or industry sector. All investments present a risk of loss of capital. The maximum risk resulting from financial instruments is equivalent to their fair value. The Fund's most significant exposure to market price risk arises from its investment in equity securities. If equity prices for these securities had increased or decreased by 5% as at June 30, 2018 with all other variables held constant, the Fund's net assets would have increased or decreased, respectively, by approximately \$1.6 million (December 31, 2017 – \$1.7 million). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Interest rate risk

Interest rate risk arises from interest-bearing financial instruments where the values of those instruments fluctuate due to changes in market interest rates.

The majority of the Fund's financial assets are equity shares, which are not interest bearing. As the Fund's financial liabilities are primarily short term in nature and generally not interest bearing, the Fund's exposure to interest rate risk is considered low.

As at June 30, 2018 and December 31, 2017, interest rate risk was negligible as the Fund had no exposure to interest-bearing credit facility.

Currency risk

Currency risk arises from financial instruments that are denominated in a currency other than the Canadian dollar, which is the Fund's the functional currency of the Funds. As a result, the Funds may be exposed to the risk that the value of securities denominated in other currencies will fluctuate due to changes in exchange rates.

The table below summarizes the Fund's direct exposure to the foreign currency as at June 30, 2018 and December 31, 2017:

Currency	June 30, 2018		December 31, 2017	
	Net Exposure (\$)	% of Net Assets	Net Exposure (\$)	% of Net Assets
Australian dollar	16,881,530	52.5	33,922,000	99.5
British Pound	3,979,167	12.4	-	-
Danish Krone	616,871	1.9	-	-
Euro	1,309,576	4.1	-	-
Swedish Krona	1,329,659	4.1	-	-
United States Dollar	7,827,623	24.3	-	-

If the Canadian dollar weakened or strengthened by 5% as at June 30, 2018, with all other variables held constant, the Fund's net assets would have

NOTES TO THE FINANCIAL STATEMENTS (unaudited) (continued)

increased or decreased, respectively, by \$1.6 million (December 31, 2017 – \$1.7 million). In practice, actual results may differ from this sensitivity analysis.

Portfolio concentration risk

Concentration indicates the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location. Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

The Manager manages the risk through diversification and a thorough understanding of each investment in the portfolio.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument fails to discharge an obligation or commitment that it has entered into with the Fund.

All transactions in securities are settled or paid for upon delivery using approved brokers. The risk of default by a counter party is considered minimal, as delivery of securities sold is only made once the Fund has received payment. Payment is made on a purchase once the securities have been received by the Fund. The trade will fail if either party fails to meet its obligation. Amounts due from brokers are held by parties with a credit rating of AA- as at June 30, 2018 and December 31, 2017.

Liquidity risk

Liquidity risk is the risk of not being able to meet the Fund's cash requirements in a timely manner and includes the risk of not being able to liquidate assets at reasonable prices. This risk mainly arises from the Fund's exposure to monthly and annual redemptions. Sufficient notification is required for redemption requests to allow the Manager to sell investments to raise cash to fund redemptions. In addition, the Fund retains sufficient cash positions to meet its daily cash requirements. All liabilities are due within three months except for the loan facility.

11. CAPITAL MANAGEMENT

The Fund considers its capital to consist of its issued and outstanding units.

The Fund's investment objectives are outlined in note 2.

The Fund manages its capital in accordance with its investment objectives and strategies and the risk management practices outlined in note 10 while maintaining sufficient liquidity to meet distributions and redemptions. In order to manage its capital structure, the Fund may adjust the amount of distributions paid to unitholders. The Fund is not subject to any externally imposed capital requirements.

12. DISTRIBUTIONS

Distributions, as declared by the Manager, are made on a monthly basis to unitholders of record on the last business day of each month. The distributions are payable by the tenth business day of the following month.

13. RELATED PARTY TRANSACTIONS

Redwood is deemed to be a related party as Manager of the Fund. Please refer to note 5 above for fees paid to Redwood. There are no other related party transactions for the Fund.

The Manager has appointed the Independent Review Committee (IRC) as required by National Instruments 81-107 *Independent Review Committee for Investment Fund*. 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 Fund. The fees for services rendered to the Fund are reported in the Statement of Comprehensive Income.

14. COMPARATIVE FIGURES

Certain figures from the prior years have been re-classified to confirm with the current year presentation.

15. SUBSEQUENT EVENTS

On July 4, 2018, Purpose Global Financials Income Fund completed its conversion from a closed-end fund to an open-end fund. Class A units of the closed-end fund converted into ETF units of the open-end fund under the ticker symbol PFG and Class F units of the closed-end fund converted into open-end Class F mutual fund units. Class A mutual fund units of Purpose Global Financials Income Fund launched on July 4, 2018.

CORPORATE INFORMATION

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CUSTODIAN

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REGISTRAR AND TRANSFER AGENT

TSX Trust Company
100 Adelaide Street West, Suite 301
Toronto, ON M5H 4H1

TORONTO STOCK EXCHANGE LISTING

Ticker Symbol: PFG.UN

BOARD OF DIRECTORS AND INDEPENDENT REVIEW COMMITTEE

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