

**PURPOSE**  
INVESTMENTS

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

**PURPOSE TOTAL RETURN BOND 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](http://www.purposeinvest.com) or SEDAR at [www.sedar.com](http://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](http://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

Purpose Total Return Bond Fund (the "Fund") seeks to achieve a positive total return in diverse market environments over time by tactically allocating its assets among a broad range of fixed income securities, including government debt, investment grade corporate debt and high yield debt.

Purpose Investments Inc. ("Purpose" or the "Manager") is the manager of the Fund. Neuberger Berman Breton Hill ULC acts as the investment sub-advisor ("Investment Sub-Advisor") to the Fund.

The Fund's portfolio is built by selecting fixed income securities including government debt, investment grade corporate debt, high yield debt and cash. Currently the Fund invests in only North American securities, but the Fund could potentially invest globally. The Fund may also contain derivatives such as options, and future contracts as permitted by Canadian securities laws to hedge against interest rate exposure and manage duration risk to protect capital.

The Fund currently holds a mix of government, corporate investment grade, high yield bonds, underlying funds and cash which are tactically adjusted to increase risk in up-trending markets and decrease risk in down-trending markets resulting in a portfolio that performs well in different interest rate environments.

### RISK

The risks of investing 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 PBD and mutual fund series.

The net asset value per share as at:

Series	June 30, 2018 (\$)	December 31, 2017 (\$)
ETF Share	18.52	19.14
Series A	18.15	18.82
Series F	18.52	19.15
Series D	17.98	18.61
Series I	18.62	19.19
Series XA	17.59	18.29
Series XF	17.72	18.37

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 I Shares (\$)	Series XA Shares (\$)	Series XF Shares (\$)
January	0.0770	0.0770	0.0770	0.0760	0.0840	0.0760	0.0757
February	0.0770	0.0756	0.0770	0.0748	0.0772	0.0735	0.0738
March	0.0700	0.0687	0.0700	0.0680	0.0702	0.0667	0.0671
April	0.0420	0.0410	0.0420	0.0410	0.0420	0.0400	0.0400
May	0.0420	0.0410	0.0420	0.0410	0.0420	0.0400	0.0400
June	0.0420	0.0410	0.0420	0.0410	0.0420	0.0400	0.0400
Total	0.3500	0.3443	0.3500	0.3418	0.3574	0.3362	0.3366

The Bank of Canada hiked rates in January and the outlook for multiple U.S. Federal Reserve (the Fed) hikes this year caused duration to sell off across Canada and the U.S. at the beginning of the period. Through the first 6 months of 2018, the Canadian Dollar appreciated against the U.S. Dollar. The Bank of Canada remained hawkish as volatility returned to the marketplace in February, earnings reached record level, and the labour market maintained a state of very little slack. Internationally, the rise of a populist sentiment in Italy caused a wide spread sell off of Italian bonds exacerbating the credit spread in Europe.

Against this backdrop the Fund performed negatively. The most significant detractor from Fund performance was exposure High Yield US Corporate Bonds. Over the same period, there were no contributors to return.

No significant shifts in the Fund's positions occurred throughout the first half of 2018.

### RECENT DEVELOPMENTS

There were no changes to the Manager of the Fund, nor were there any changes to the investment philosophy or process. Positioning and the Manager's outlook remain the same. The Manager continues to employ the tactical allocation of investment-grade corporate bonds, government bonds, high-yield bonds and cash based on expected returns.

Given the significant uncertainty of the direction of the yield on the 10-year, the Fund is taking a more defensive position through reduced high yield exposure. Economic growth continues to appear strong, but meaningful macro risks pose threats to the outlook.

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 <sup>(1)</sup>

ETF Share	2018 <sup>(a)</sup> (\$)	2017 (\$)	2016 (\$)	2015 (\$)	2014 (\$)	2013 <sup>(b)</sup> (\$)
<b>Net assets, beginning of period</b>	<b>19.14</b>	<b>19.56</b>	<b>18.86</b>	<b>19.83</b>	<b>20.08</b>	<b>20.00 <sup>(c)</sup></b>
<b>Increase (decrease) from operations:</b>						
Total revenue	0.01	0.07	0.01	0.17	0.45	0.27
Total expenses	(0.07)	(0.21)	(0.22)	(0.20)	(0.19)	(0.04)
Realized gains (losses) for the period	(0.13)	0.61	1.61	(0.29)	(0.51)	0.25
Unrealized gains (losses) for the period	(0.08)	(0.06)	0.01	(0.01)	0.03	(0.22)
Total increase (decrease) from operations <sup>(2)</sup>	(0.27)	0.41	1.41	(0.33)	(0.22)	0.26
<b>Dividends:</b>						
From dividends	(0.35)	(0.05)	(0.21)	(0.46)	-	-
From capital gains	-	(0.09)	(0.34)	(0.13)	-	(0.20)
Return of capital	-	(0.88)	(0.17)	(0.13)	(0.89)	-
Total dividends <sup>(3)</sup>	(0.35)	(1.02)	(0.72)	(0.72)	(0.89)	(0.20)
<b>Net assets, end of period</b>	<b>18.52</b>	<b>19.14</b>	<b>19.56</b>	<b>18.86</b>	<b>19.83</b>	<b>20.08</b>

Notes:

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

(b) Information presented is for the period August 30, 2013 to December 31, 2013.

(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	2015	2014	2013
Total net asset value (\$) (000s) <sup>(1)</sup>	72,227	86,148	87,557	83,016	95,702	7,530
Number of shares outstanding (000s) <sup>(1)</sup>	3,901	4,501	4,476	4,401	4,825	375
Management expense ratio <sup>(2)</sup>	0.74%	0.83%	0.74%	0.79%	1.03%	0.96%
Management expense ratio before waivers or absorptions <sup>(2)</sup>	0.74%	0.83%	0.74%	0.79%	1.03%	0.99%
Trading expense ratio <sup>(3)</sup>	0.36%	0.73%	0.80%	0.64%	0.35%	0.20%
Portfolio turnover rate <sup>(4)</sup>	632.54%	1,211.26%	1,351.30%	1,235.71%	899.32%	88.15%
Closing market price (\$)	18.53	19.18	19.30	18.89	19.82	20.07

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 0.55% (2017 - 0.55%, 2016 - 0.48%, 2015 - 0.56%, 2014 - 0.59%, and 2013 - 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.

**NET ASSETS PER SHARE <sup>(1)</sup>**

Series A	2018 <sup>(a)</sup> (\$)	2017 (\$)	2016 (\$)	2015 (\$)	2014 (\$)	2013 <sup>(b)</sup> (\$)
<b>Net assets, beginning of period</b>	<b>18.82</b>	<b>19.35</b>	<b>18.77</b>	<b>19.85</b>	<b>20.09</b>	<b>20.00 <sup>(c)</sup></b>
<b>Increase (decrease) from operations:</b>						
Total revenue	0.01	0.08	0.01	0.17	0.45	0.27
Total expenses	(0.13)	(0.32)	(0.33)	(0.32)	(0.30)	(0.07)
Realized gains (losses) for the period	(0.13)	0.62	1.60	(0.28)	(0.51)	0.25
Unrealized gains (losses) for the period	(0.08)	(0.06)	0.06	0.01	0.24	(0.34)
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>(0.33)</b>	<b>0.32</b>	<b>1.34</b>	<b>(0.42)</b>	<b>(0.12)</b>	<b>0.11</b>
<b>Dividends:</b>						
From dividends	(0.34)	(0.05)	(0.21)	(0.48)	-	(0.17)
From capital gains	-	(0.07)	(0.33)	(0.13)	-	(0.17)
Return of capital	-	(0.74)	(0.18)	(0.11)	(0.78)	-
<b>Total dividends <sup>(3)</sup></b>	<b>(0.34)</b>	<b>(0.86)</b>	<b>(0.72)</b>	<b>(0.72)</b>	<b>(0.78)</b>	<b>(0.34)</b>
<b>Net assets, end of period</b>	<b>18.15</b>	<b>18.82</b>	<b>19.35</b>	<b>18.77</b>	<b>19.85</b>	<b>20.09</b>

Notes:

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

(b) Information presented is for the period August 30, 2013 to December 31, 2013.

(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 A <sup>(5)</sup>	2018	2017	2016	2015	2014	2013
Total net asset value (\$) (000s) <sup>(1)</sup>	11,255	14,512	14,838	14,215	19,993	973
Number of shares outstanding (000s) <sup>(1)</sup>	620	771	767	757	1,007	48
Management expense ratio <sup>(2)</sup>	1.29%	1.38%	1.29%	1.36%	1.58%	1.51%
Management expense ratio before waivers or absorptions <sup>(2)</sup>	1.29%	1.38%	1.29%	1.36%	1.58%	1.58%
Trading expense ratio <sup>(3)</sup>	0.36%	0.73%	0.80%	0.64%	0.35%	0.20%
Portfolio turnover rate <sup>(4)</sup>	632.54%	1,211.26%	1,351.30%	1,235.71%	899.32%	88.15%

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 1.10% (2017 - 1.10%, 2016 - 1.04%, 2015 - 1.12%, 2014 - 1.14%, and 2013 - 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, Series I shares, Series XA shares and Series XF shares of the Fund are not traded on a stock exchange.

**NET ASSETS PER SHARE <sup>(1)</sup>**

Series F	2018 <sup>(a)</sup> (\$)	2017 (\$)	2016 (\$)	2015 (\$)	2014 (\$)	2013 <sup>(b)</sup> (\$)
<b>Net assets, beginning of period</b>	<b>19.15</b>	<b>19.57</b>	<b>18.87</b>	<b>19.84</b>	<b>20.09</b>	<b>20.00 <sup>(c)</sup></b>
<b>Increase (decrease) from operations:</b>						
Total revenue	0.01	0.12	0.01	0.17	0.45	0.27
Total expenses	(0.08)	(0.20)	(0.22)	(0.20)	(0.19)	(0.04)
Realized gains (losses) for the period	(0.14)	0.56	1.61	(0.28)	(0.51)	0.25
Unrealized gains (losses) for the period	(0.07)	0.03	0.01	(0.04)	0.33	(0.31)
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>(0.28)</b>	<b>0.51</b>	<b>1.41</b>	<b>(0.35)</b>	<b>0.08</b>	<b>0.25</b>
<b>Dividends:</b>						
From dividends	(0.35)	(0.05)	(0.21)	(0.49)	-	-
From capital gains	-	(0.07)	(0.33)	(0.13)	-	(0.20)
Return of capital	-	(0.74)	(0.18)	(0.10)	(0.89)	-
<b>Total dividends <sup>(3)</sup></b>	<b>(0.35)</b>	<b>(0.86)</b>	<b>(0.72)</b>	<b>(0.72)</b>	<b>(0.89)</b>	<b>(0.20)</b>
<b>Net assets, end of period</b>	<b>18.52</b>	<b>19.15</b>	<b>19.57</b>	<b>18.87</b>	<b>19.84</b>	<b>20.09</b>

Notes:

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

(b) Information presented is for the period August 30, 2013 to December 31, 2013.

(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 <sup>(5)</sup>	2018	2017	2016	2015	2014	2013
Total net asset value (\$) (000s) <sup>(1)</sup>	7,723	9,170	16,023	15,909	15,274	1,305
Number of shares outstanding (000s) <sup>(1)</sup>	417	479	819	843	770	65
Management expense ratio <sup>(2)</sup>	0.74%	0.83%	0.73%	0.79%	1.03%	0.98%
Management expense ratio before waivers or absorptions <sup>(2)</sup>	0.74%	0.83%	0.73%	0.79%	1.03%	0.95%
Trading expense ratio <sup>(3)</sup>	0.36%	0.73%	0.80%	0.64%	0.35%	0.20%
Portfolio turnover rate <sup>(4)</sup>	632.54%	1,211.26%	1,351.30%	1,235.71%	899.32%	88.15%

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 0.55% (2017 - 0.54%, 2016 - 0.48%, 2015 - 0.56%, 2014 - 0.59%, and 2013 - 0.54%).
- 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, Series I shares, Series XA shares and Series XF shares of the Fund are not traded on a stock exchange.

**NET ASSETS PER SHARE <sup>(1)</sup>**

Series D	2018 <sup>(a)</sup> (\$)	2017 (\$)	2016 (\$)	2015 (\$)	2014 <sup>(b)</sup> (\$)
<b>Net assets, beginning of period</b>	<b>18.61</b>	<b>19.06</b>	<b>18.42</b>	<b>19.39</b>	<b>20.00<sup>(c)</sup></b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.01	0.08	0.01	0.16	0.30
Total expenses	(0.09)	(0.24)	(0.25)	(0.23)	(0.10)
Realized gains (losses) for the period	(0.11)	0.61	1.57	(0.27)	(0.32)
Unrealized gains (losses) for the period	(0.12)	(0.05)	0.02	(0.64)	0.06
Total increase (decrease) from operations <sup>(2)</sup>	(0.31)	0.40	1.35	(0.98)	(0.06)
<b>Dividends:</b>					
From dividends	(0.34)	(0.05)	(0.21)	(0.49)	-
From capital gains	-	(0.07)	(0.32)	(0.13)	-
Return of capital	-	(0.73)	(0.18)	(0.08)	(0.55)
Total dividends <sup>(3)</sup>	(0.34)	(0.85)	(0.71)	(0.70)	(0.55)
<b>Net assets, end of period</b>	<b>17.98</b>	<b>18.61</b>	<b>19.06</b>	<b>18.42</b>	<b>19.39</b>

Notes:

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

(b) Information presented is for the period May 8, 2014 to December 31, 2014.

(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 D <sup>(5)</sup>	2018	2017	2016	2015	2014
Total net asset value (\$ (000s) <sup>(1)</sup>	278	311	284	257	1
Number of shares outstanding (000s) <sup>(1)</sup>	15	17	15	14	-
Management expense ratio <sup>(2)</sup>	0.91%	1.00%	0.91%	0.96%	1.21%
Management expense ratio before waivers or absorptions <sup>(2)</sup>	0.91%	1.00%	0.91%	0.96%	1.21%
Trading expense ratio <sup>(3)</sup>	0.36%	0.73%	0.80%	0.64%	0.35%
Portfolio turnover rate <sup>(4)</sup>	632.54%	1,211.26%	1,351.30%	1,235.71%	899.32%

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 0.72% (2017 - 0.72%, 2016 - 0.66%, 2015 - 0.73% and 2014 - 0.77%).
- 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, Series I shares, Series XA shares and Series XF shares of the Fund are not traded on a stock exchange.

**NET ASSETS PER SHARE <sup>(1)</sup>**

Series I	2018 <sup>(a)</sup> (\$)	2017 (\$)	2016 (\$)	2015 (\$)	2014 (\$)	2013 <sup>(b)</sup> (\$)
<b>Net assets, beginning of period</b>	<b>19.19</b>	<b>19.60</b>	<b>18.89</b>	<b>19.85</b>	<b>20.09</b>	<b>20.00<sup>(c)</sup></b>
<b>Increase (decrease) from operations:</b>						
Total revenue	-	0.08	0.01	0.17	0.45	0.20
Total expenses	(0.06)	(0.12)	(0.13)	(0.10)	(0.08)	-
Realized gains (losses) for the period	(0.26)	0.61	1.61	(0.28)	(0.51)	0.20
Unrealized gains (losses) for the period	0.09	(0.04)	(0.05)	(0.56)	(0.12)	-
Total increase (decrease) from operations <sup>(2)</sup>	(0.23)	0.53	1.44	(0.77)	(0.26)	0.40
<b>Dividends:</b>						
From dividends	(0.36)	(0.05)	(0.23)	(0.48)	-	-
From capital gains	-	(0.08)	(0.34)	(0.13)	-	-
Return of capital	-	(0.82)	(0.23)	(0.21)	(1.00)	(0.24)
Total dividends <sup>(3)</sup>	(0.36)	(0.95)	(0.80)	(0.82)	(1.00)	(0.24)
<b>Net assets, end of period</b>	<b>18.62</b>	<b>19.19</b>	<b>19.60</b>	<b>18.89</b>	<b>19.85</b>	<b>20.09</b>

Notes:

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

(b) Information presented is for the period August 30, 2013 to December 31, 2013.

(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 I <sup>(5)</sup>	2018	2017	2016	2015	2014	2013
Total net asset value (\$ (000s) <sup>(1)</sup>	1	192	187	229	238	102
Number of shares outstanding (000s) <sup>(1)</sup>	-	10	10	12	12	5
Management expense ratio <sup>(2)</sup>	0.20%	0.29%	0.25%	0.23%	0.47%	0.44%
Management expense ratio before waivers or absorptions <sup>(2)</sup>	0.20%	0.29%	0.25%	0.23%	0.47%	0.41%
Trading expense ratio <sup>(3)</sup>	0.36%	0.73%	0.80%	0.64%	0.35%	0.20%
Portfolio turnover rate <sup>(4)</sup>	632.54%	1,211.26%	1,351.30%	1,235.71%	899.32%	88.15%

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 0.01% (2017 - 0.00%, 2016 - 0.00%, 2015 - 0.00%, 2014 - 0.03%, and 2013 - 0.00%).
- 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, Series I shares, Series XA shares and Series XF shares of the Fund are not traded on a stock exchange.

**NET ASSETS PER SHARE <sup>(1)</sup>**

Series XA	2018 <sup>(a)</sup> (\$)	2017 (\$)	2016 (\$)	2015 <sup>(b)</sup> (\$)
<b>Net assets, beginning of period</b>	<b>18.29</b>	<b>18.92</b>	<b>18.43</b>	<b>20.00<sup>(c)</sup></b>
<b>Increase (decrease) from operations:</b>				
Total revenue	0.02	0.07	0.01	0.16
Total expenses	(0.18)	(0.40)	(0.40)	(0.33)
Realized gains (losses) for the period	(0.11)	0.57	1.56	(0.24)
Unrealized gains (losses) for the period	(0.09)	(0.05)	0.02	(0.56)
Total increase (decrease) from operations <sup>(2)</sup>	(0.36)	0.19	1.19	(0.97)
<b>Dividends:</b>				
From dividends	(0.34)	(0.05)	(0.21)	(0.44)
From capital gains	-	(0.07)	(0.32)	(0.12)
Return of capital	-	(0.73)	(0.18)	(0.02)
Total dividends <sup>(3)</sup>	(0.34)	(0.85)	(0.71)	(0.58)
<b>Net assets, end of period</b>	<b>17.59</b>	<b>18.29</b>	<b>18.92</b>	<b>18.43</b>

Notes:

- (a) Information presented is for the period January 1, 2018 to June 30, 2018.
- (b) Information presented is for the period February 19, 2015 to December 31, 2015.
- (c) Initial offering price.

1. 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.
2. 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.
3. Dividends were paid in cash or reinvested in additional shares of the Fund.

**RATIOS AND SUPPLEMENTAL DATA**

Series XA <sup>(5)</sup>	2018	2017	2016	2015
Total net asset value (\$) (000s) <sup>(1)</sup>	184	189	167	158
Number of shares outstanding (000s) <sup>(1)</sup>	10	10	9	9
Management expense ratio <sup>(2)</sup>	1.86%	1.91%	1.73%	1.74%
Management expense ratio before waivers or absorptions <sup>(2)</sup>	1.86%	1.91%	1.73%	1.74%
Trading expense ratio <sup>(3)</sup>	0.36%	0.73%	0.80%	0.64%
Portfolio turnover rate <sup>(4)</sup>	632.54%	1,211.26%	1,351.30%	1,235.71%

Notes:

1. 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.
2. 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 1.67% (2017 - 1.63%, 2016 - 1.48% and 2015 - 1.51%).
3. 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.
4. 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.
5. The Series A shares, Series F shares, Series D shares, Series I shares, Series XA shares and Series XF shares of the Fund are not traded on a stock exchange.

**NET ASSETS PER SHARE <sup>(1)</sup>**

Series XF	2018 <sup>(a)</sup> (\$)	2017 (\$)	2016 (\$)	2015 (\$)	2014 <sup>(b)</sup> (\$)
<b>Net assets, beginning of period</b>	<b>18.37</b>	<b>18.89</b>	<b>18.29</b>	<b>19.33</b>	<b>20.00<sup>(c)</sup></b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.01	0.04	0.01	0.16	0.19
Total expenses	(0.12)	(0.29)	(0.30)	(0.28)	(0.13)
Realized gains (losses) for the period	(0.11)	0.55	1.56	(0.27)	(0.22)
Unrealized gains (losses) for the period	(0.10)	(0.09)	0.03	(0.75)	(0.06)
Total increase (decrease) from operations <sup>(2)</sup>	(0.32)	0.21	1.30	(1.14)	(0.22)
<b>Dividends:</b>					
From dividends	(0.34)	(0.05)	(0.20)	(0.50)	-
From capital gains	-	(0.07)	(0.32)	(0.13)	-
Return of capital	-	(0.73)	(0.18)	(0.07)	(0.36)
Total dividends <sup>(3)</sup>	(0.34)	(0.85)	(0.70)	(0.70)	(0.36)
<b>Net assets, end of period</b>	<b>17.72</b>	<b>18.37</b>	<b>18.89</b>	<b>18.29</b>	<b>19.33</b>

Notes:

- (a) Information presented is for the period January 1, 2018 to June 30, 2018.
- (b) Information presented is for the period July 22, 2014 to December 31, 2014.
- (c) Initial offering price.

1. 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.
2. 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.
3. Dividends were paid in cash or reinvested in additional shares of the Fund.

**RATIOS AND SUPPLEMENTAL DATA**

Series XF <sup>(5)</sup>	2018	2017	2016	2015	2014
Total net asset value (\$) (000s) <sup>(1)</sup>	5,509	6,322	2,190	2,182	245
Number of shares outstanding (000s) <sup>(1)</sup>	311	344	116	119	13
Management expense ratio <sup>(2)</sup>	1.29%	1.35%	1.18%	1.25%	1.63%
Management expense ratio before waivers or absorptions <sup>(2)</sup>	1.29%	1.35%	1.18%	1.25%	1.63%
Trading expense ratio <sup>(3)</sup>	0.36%	0.73%	0.80%	0.64%	0.35%
Portfolio turnover rate <sup>(4)</sup>	632.54%	1,211.26%	1,351.30%	1,235.71%	899.32%

Notes:

1. 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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3. 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.
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**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 0.45% of the NAV of the ETF shares, 0.95% of the Series A shares, 0.45% of the Series F shares, 0.60% of the Series D shares, 0.95% of the Series XA shares, 0.45% of the Series XF shares and the management fee for the Series I shares is negotiated between the investor and Purpose. The management fees are calculated daily and paid monthly in arrears. Purpose utilizes the management fees to pay investment sub-advisory fees, service fees to registered dealers of Series A, 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-rata basis.

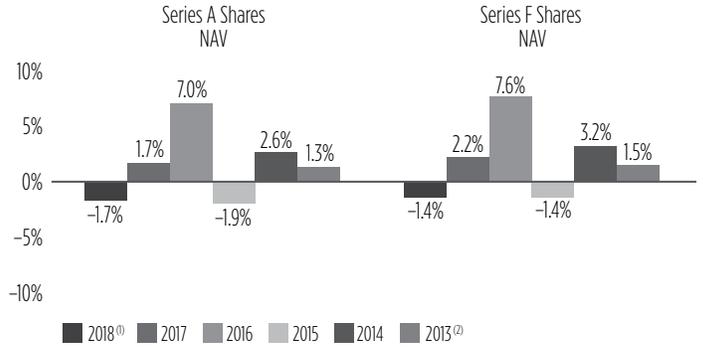
The Fund may from time to time invest in other investment funds which are related funds managed by Purpose. An investment is made where it is an efficient and cost-effective way for the Fund to execute its investment strategy. The Investment may only be made on the basis that there will be no duplication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

**PAST PERFORMANCE**

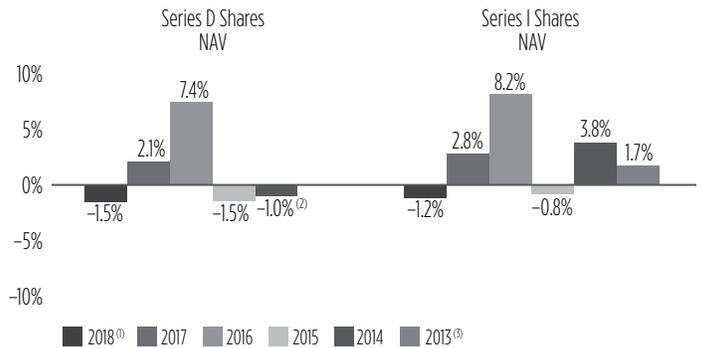
Please note that the performance information shown in this section assumes that all dividends made by the Fund, if any, in the periods shown were reinvested in additional securities of the Fund. It does not take into account sales, redemptions, distributions or other optional charges, or income taxes 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**

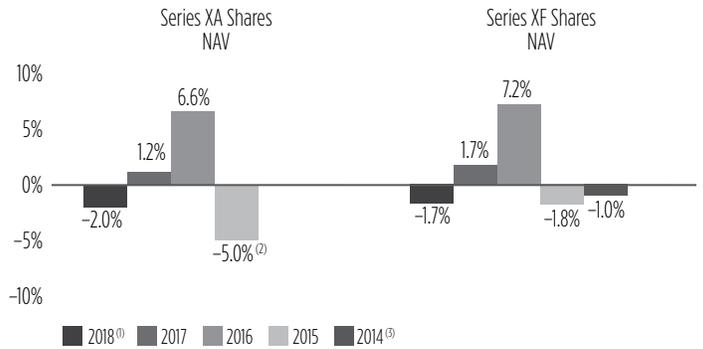
The bar charts show the performance of each series of shares for the financial period in percentage terms, indicating how much an investment made on the first day of the period would have grown or decreased by the last day of the period.



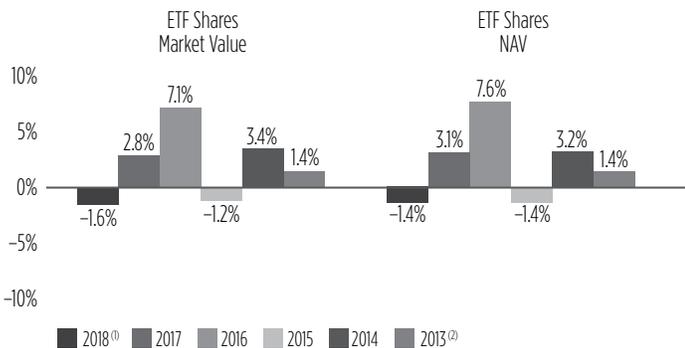
1. Return for the period January 1, 2018 to June 30, 2018.
2. Return for the period September 4, 2013 to December 31, 2013.



1. Return for the period January 1, 2018 to June 30, 2018.
2. Return for the period May 9, 2014 to December 31, 2014.
3. Return for the period September 4, 2013 to December 31, 2013.



1. Return for the period January 1, 2018 to June 30, 2018.
2. Return for the period February 20, 2015 to December 31, 2015.
3. Return for the period July 23, 2014 to December 31, 2014.



1. Return for the period January 1, 2018 to June 30, 2018.
2. Return for the period September 4, 2013 to December 31, 2013.

## SUMMARY OF INVESTMENT PORTFOLIO

As at June 30, 2018

### SECTOR MIX

	% of Fund's Net Asset Value
Investment Grade	50.54
High Yield	35.77
Money Market Funds	13.05
Cash and Cash Equivalents	13.85
Net Other Assets	(13.21)
<b>Total Net Asset Value</b>	<b>100.00</b>

### TOP HOLDINGS

	% of Fund's Net Asset Value
BMO High Yield US Corporate Bond Hedged to CAD ETF	35.77
BMO Mid Federal Bond Index ETF	30.05
Cash and Cash Equivalents	13.85
Purpose High Interest Savings ETF	13.05
Purpose Tactical Investment Grade Bond Fund	12.53
BMO Mid Corporate Bond Index ETF	4.20
Purpose Short Duration Tactical Bond Fund	3.76

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

# CORPORATE INFORMATION

## MANAGER

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

## INVESTMENT SUB-ADVISOR

Neuberger Berman Breton Hill ULC  
2 Bloor Street East, Suite 2830  
Toronto, ON M4W 1A8

## LEGAL COUNSEL

Osler, Hoskin & Harcourt LLP  
1 First Canadian Place  
Toronto, ON M5X 1B8

## AUDITOR

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

## CUSTODIAN

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

## REGISTRAR AND TRANSFER AGENT

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

## SHAREHOLDER AND RECORDKEEPING

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

## TORONTO STOCK EXCHANGE LISTING

Ticker Symbol: PBD

## 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