



**PURPOSE**  
INVESTMENTS

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

**PURPOSE US PREFERRED SHARE FUND**  
**(FORMERLY REDWOOD US PREFERRED SHARE 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, unitholders 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.

Redwood Asset Management Inc. ("Redwood") was amalgamated into Purpose Investments Inc. ("Purpose"). The Fund changed its name to Purpose US Preferred Share Fund effective May 2, 2018.

### INVESTMENT OBJECTIVES AND STRATEGIES

The investment objective of the Fund is to generate long-term capital growth by investing in securities of companies around the world.

### 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 (\$)
ETF Units	24.03	25.07
Class A	23.30	24.46
Class F	24.15	25.22
ETF Non-Currency Hedged Units	23.38	23.50
ETF Non-Currency Hedged Units (USD)*	17.79	18.70
Class A Non-Currency Hedged	23.12	23.34
Class A Non-Currency Hedged (USD)*	17.59	18.57
Class F Non-Currency Hedged	23.39	23.50
Class F Non-Currency Hedged (USD)*	17.79	18.70

\* The ETF Non-Currency Hedged Units, Class A - Non-Currency Hedged and the Class F - Non-Currency Hedged Units have both a CAD and USD purchase option.

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

Month	ETF Units (\$)	Class A (\$)	Class F (\$)
January	0.0940	0.0940	0.0940
February	0.0940	0.0940	0.0940
March	0.0940	0.0940	0.0940
April	0.0940	0.0940	0.0940
May	0.0940	0.0940	0.0940
June <sup>(1)</sup>	0.0940	0.0940	0.0940
Total	0.5640	0.5640	0.5640

Month	ETF Non-Currency Hedged Units (\$)	ETF Non-Currency Hedged Units (USD) (\$)	Class A Non-Currency Hedged (\$)	Class F Non-Currency Hedged (\$)
January	0.0940	0.0762	0.0940	0.0940
February	0.0940	0.0736	0.0940	0.0940
March	0.0940	0.0727	0.0940	0.0940
April	0.0940	0.0733	0.0940	0.0940
May	0.0940	0.0723	0.0940	0.0940
June	0.0940	0.0706	0.0940	0.0940
Total	0.5640	0.4387	0.5640	0.5640

The preferred securities asset class struggled to find its footing in the first half of 2018 as credit spreads within fixed income markets widened and the asset class posted negative total returns. Rising US interest rates, trade tensions, and geopolitical headlines weighed on the market. The Contingent Capital (CoCo) market materially lagged both the \$25 par preferreds and \$1000 par preferreds. Meaningful redemption activity, greatly skewed to the \$25 par preferreds universe, partially offset these negative factors. While the Strategy's overweight to the bank sector detracted from performance given better performance of the insurance sector, security selection within the bank sector more than offset the negative performance. The Strategy's relative overweight to securities with coupons that have reset features positively contributed to performance as US rates rose during the period. Finally, the underweight to \$25 par securities detracted from performance.

Redwood Asset Management Inc. ("Redwood") was amalgamated into Purpose Investments Inc. ("Purpose"). The Fund changed its name to Purpose US Preferred Share Fund effective May 2, 2018.

### RECENT DEVELOPMENTS

While market volatility is expected to persist for the remainder of the year, the Manager remains confident in the underlying credit fundamentals supporting the asset class, specifically the bank sector. Our outlook is for US interest rates to remain range bound, but continue to favor less interest rate sensitive securities, such as fixed-to-floating rate coupon structures compared to fixed-rate coupon structures, to help mitigate the negative impact of an aggressive move higher in rates. The Manager also expects a negative net issuance for the balance of 2018 as well as 2019 as banks are focused on optimizing their capital stack, which includes redeeming excess capital securities and lowering the cost of capital. This should be a positive tailwind to valuations, but the effects may be disproportionate between \$25 par securities and \$1000 par securities markets.

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 period from March 15, 2017 to December 31, 2017 and the period from January 1, 2018 to June 30, 2018:

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

For the period from March 15, 2017 to December 31, 2017 and the period from January 1, 2018 to June 30, 2018:

ETF Units	2018 <sup>(a)</sup> (\$)	2017 <sup>(b)</sup> (\$)
<b>Net assets, beginning of year</b>	<b>25.07</b>	<b>25.00 <sup>(c)</sup></b>
<b>Increase (decrease) from operations:</b>		
Total revenue	0.60	1.01
Total expenses	(0.17)	(0.30)
Realized gains (losses) for the period	-	1.25
Unrealized gains (losses) for the period	(0.50)	(1.06)
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>(0.07)</b>	<b>0.90</b>
<b>Distributions:</b>		
From investment income	(0.56)	(0.73)
From capital gains	-	(0.37)
Return of capital	-	(0.31)
<b>Total distributions <sup>(3)</sup></b>	<b>(0.56)</b>	<b>(1.41)</b>
<b>Net assets, end of year</b>	<b>24.03</b>	<b>25.07</b>

Notes:

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

(b) Information presented is for the period March 15, 2017 to December 31, 2017.

(c) Initial offering price.

1. This information is derived from the Fund's financial statements prepared in accordance with IFRS. For purposes of unitholder 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 unitholders.
2. 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.
3. Distributions were paid in cash or reinvested in additional units of the Fund.

**RATIOS AND SUPPLEMENTAL DATA**

ETF Units	2018	2017
Total net asset value (\$) (000's) <sup>(1)</sup>	41,279	6,894
Number of units outstanding (000's) <sup>(1)</sup>	1,718	275
Management expense ratio <sup>(2)</sup>	1.19%	1.14%
Management expense ratio before waivers or absorptions <sup>(2)</sup>	1.40%	1.83%
Trading expense ratio <sup>(3)</sup>	0.03%	0.00%
Portfolio turnover rate <sup>(4)</sup>	53.57%	25.50%
Closing market price (\$)	24.01	25.13

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 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.
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 classes of units 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 classes of units of the Fund.

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

For the period from March 15, 2017 to December 31, 2017 and the period from January 1, 2018 to June 30, 2018:

Class A	2018 <sup>(a)</sup> (\$)	2017 <sup>(b)</sup> (\$)
<b>Net assets, beginning of year</b>	<b>24.46</b>	<b>25.00<sup>(c)</sup></b>
<b>Increase (decrease) from operations:</b>		
Total revenue	0.61	1.00
Total expenses	(0.29)	(0.48)
Realized gains (losses) for the period	(0.21)	0.77
Unrealized gains (losses) for the period	(0.72)	(1.05)
Total increase (decrease) from operations <sup>(2)</sup>	(0.61)	0.24
<b>Distributions:</b>		
From investment income	(0.56)	(0.45)
From capital gains	-	(0.59)
Return of capital	-	(0.25)
Total distributions <sup>(3)</sup>	(0.56)	(1.29)
<b>Net assets, end of year</b>	<b>23.30</b>	<b>24.46</b>

Notes:

- (a) Information presented is for the period January 1, 2018 to June 30, 2018.
- (b) Information presented is for the period March 15, 2017 to December 31, 2017.
- (c) Initial offering price.

1. This information is derived from the Fund's financial statements prepared in accordance with IFRS. For purposes of unitholder 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 unitholders.
2. 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.
3. Distributions were paid in cash or reinvested in additional units of the Fund.

**RATIOS AND SUPPLEMENTAL DATA**

Class A <sup>(5)</sup>	2018	2017
Total net asset value (\$) (000's) <sup>(1)</sup>	1,507	1,796
Number of units outstanding (000's) <sup>(1)</sup>	65	73
Management expense ratio <sup>(2)</sup>	2.02%	2.00%
Management expense ratio before waivers or absorptions <sup>(2)</sup>	2.23%	2.68%
Trading expense ratio <sup>(3)</sup>	0.03%	0.00%
Portfolio turnover rate <sup>(4)</sup>	53.57%	25.50%

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 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.
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 classes of units 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 classes of units of the Fund.
5. The Class A and Class F units of the Fund are not traded on a stock exchange.

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

For the period from March 15, 2017 to December 31, 2017 and the period from January 1, 2018 to June 30, 2018:

Class F	2018 <sup>(a)</sup> (\$)	2017 <sup>(b)</sup> (\$)
<b>Net assets, beginning of year</b>	<b>25.22</b>	<b>25.00<sup>(c)</sup></b>
<b>Increase (decrease) from operations:</b>		
Total revenue	0.64	1.03
Total expenses	(0.20)	(0.32)
Realized gains (losses) for the period	(0.25)	0.92
Unrealized gains (losses) for the period	(0.74)	(0.86)
Total increase (decrease) from operations <sup>(2)</sup>	(0.55)	0.77
<b>Distributions:</b>		
From investment income	(0.56)	(0.59)
From capital gains	-	(0.36)
Return of capital	-	(0.27)
Total distributions <sup>(3)</sup>	(0.56)	(1.22)
<b>Net assets, end of year</b>	<b>24.15</b>	<b>25.22</b>

Notes:

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- (c) Initial offering price.

1. This information is derived from the Fund's financial statements prepared in accordance with IFRS. For purposes of unitholder 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 unitholders.
2. 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.
3. Distributions were paid in cash or reinvested in additional units of the Fund.

**RATIOS AND SUPPLEMENTAL DATA**

Class F <sup>(5)</sup>	2018	2017
Total net asset value (\$) (000's) <sup>(1)</sup>	2,391	3,187
Number of units outstanding (000's) <sup>(1)</sup>	99	126
Management expense ratio <sup>(2)</sup>	1.17%	1.15%
Management expense ratio before waivers or absorptions <sup>(2)</sup>	1.38%	1.84%
Trading expense ratio <sup>(3)</sup>	0.03%	0.00%
Portfolio turnover rate <sup>(4)</sup>	53.57%	25.50%

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 classes of units 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 classes of units of the Fund.
5. The Class A and Class F units of the Fund are not traded on a stock exchange.

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

For the period from March 15, 2017 to December 31, 2017 and the period from January 1, 2018 to June 30, 2018:

	2018 <sup>(a)</sup> (\$)	2017 <sup>(b)</sup> (\$)
ETF Non-Currency Hedged Units		
<b>Net assets, beginning of period</b>	<b>23.50</b>	<b>25.00 <sup>(c)</sup></b>
<b>Increase (decrease) from operations:</b>		
Total revenue	0.60	0.97
Total expenses	(0.18)	(0.29)
Realized gains (losses) for the period	(0.08)	(0.15)
Unrealized gains (losses) for the period	0.23	(0.90)
Total increase (decrease) from operations <sup>(2)</sup>	0.57	(0.37)
<b>Distributions:</b>		
From investment income	(0.56)	(0.67)
From capital gains	-	(0.27)
Total distributions <sup>(3)</sup>	(0.56)	(0.94)
<b>Net assets, end of period</b>	<b>23.38</b>	<b>23.50</b>
<b>Net assets, end of period (USD)</b>	<b>17.79</b>	<b>18.70</b>

Notes:

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**RATIOS AND SUPPLEMENTAL DATA**

ETF Non-Currency Hedged Units	2018	2017
Total net asset value (000s) <sup>(1)</sup>	7,015	5,876
Number of units outstanding (000s) <sup>(1)</sup>	300	250
Management expense ratio <sup>(2)</sup>	1.17%	1.14%
Management expense ratio before waivers or absorptions <sup>(2)</sup>	1.38%	1.82%
Trading expense ratio <sup>(3)</sup>	0.03%	0.00%
Portfolio turnover rate <sup>(4)</sup>	53.57%	25.50%
Closing market price (\$)	23.36	23.98
Closing market price (\$) (USD)	17.79	18.80

Notes:

- The financial information presented in the Ratios and Supplemental Data table is derived from the Fund's net asset value calculated for fund pricing purposes ("NAV") and is provided as at December 31 of the year shown except 2018 which is shown as at June 30.
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**NET ASSETS PER UNIT <sup>(1)</sup>**

For the period from March 15, 2017 to December 31, 2017 and the period from January 1, 2018 to June 30, 2018:

	2018 <sup>(a)</sup> (\$)	2017 <sup>(b)</sup> (\$)
Class A Non-Currency Hedged		
<b>Net assets, beginning of year</b>	<b>23.34</b>	<b>25.00 <sup>(c)</sup></b>
<b>Increase (decrease) from operations:</b>		
Total revenue	0.59	0.97
Total expenses	(0.27)	(0.46)
Realized gains (losses) for the period	(0.09)	(0.21)
Unrealized gains (losses) for the period	0.12	(1.29)
Total increase (decrease) from operations <sup>(2)</sup>	0.35	(0.99)
<b>Distributions:</b>		
From investment income	(0.56)	(0.46)
From capital gains	-	(0.48)
Total distributions <sup>(3)</sup>	(0.56)	(0.94)
<b>Net assets, end of year</b>	<b>23.12</b>	<b>23.34</b>
<b>Net assets, end of year (USD)</b>	<b>17.59</b>	<b>18.57</b>

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**RATIOS AND SUPPLEMENTAL DATA**

Class A Non-Currency Hedged <sup>(5)(6)</sup>	2018	2017
Total net asset value (\$) (000's) <sup>(1)</sup>	1,911	1,963
Number of units outstanding (000's) <sup>(1)</sup>	83	84
Management expense ratio <sup>(2)</sup>	2.02%	2.00%
Management expense ratio before waivers or absorptions <sup>(2)</sup>	2.23%	2.69%
Trading expense ratio <sup>(3)</sup>	0.03%	0.00%
Portfolio turnover rate <sup>(4)</sup>	53.57%	25.50%

Notes:

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- The Class A - Non-Hedged and Class F - Non-Hedged units are not traded on a stock exchange.
- The Class A - Non-Hedged and Class F - Non-Hedged has both a CAD and USD purchase option.

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

For the period from March 15, 2017 to December 31, 2017 and the period from January 1, 2018 to June 30, 2018:

	2018 <sup>(a)</sup> (\$)	2017 <sup>(b)</sup> (\$)
Class F Non-Currency Hedged		
<b>Net assets, beginning of year</b>	<b>23.50</b>	<b>25.00 <sup>(c)</sup></b>
<b>Increase (decrease) from operations:</b>		
Total revenue	0.60	0.98
Total expenses	(0.18)	(0.30)
Realized gains (losses) for the period	(0.09)	(0.22)
Unrealized gains (losses) for the period	0.06	(1.09)
Total increase (decrease) from operations <sup>(2)</sup>	0.39	(0.63)
<b>Distributions:</b>		
From investment income	(0.56)	(0.60)
From capital gains	-	(0.34)
Total distributions <sup>(3)</sup>	(0.56)	(0.94)
<b>Net assets, end of year</b>	<b>23.39</b>	<b>23.50</b>
<b>Net assets, end of year (USD)</b>	<b>17.79</b>	<b>18.70</b>

Notes:

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

(b) Information presented is for the period March 15, 2017 to December 31, 2017.

(c) Initial offering price.

- This information is derived from the Fund's financial statements prepared in accordance with IFRS. For purposes of unitholder 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 unitholders.
- 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 Non-Currency Hedged <sup>(5)(6)</sup>	2018	2017
Total net asset value (\$) (000's) <sup>(1)</sup>	7,496	7,629
Number of units outstanding (000's) <sup>(1)</sup>	321	325
Management expense ratio <sup>(2)</sup>	1.17%	1.16%
Management expense ratio before waivers or absorptions <sup>(2)</sup>	1.38%	1.84%
Trading expense ratio <sup>(3)</sup>	0.03%	0.00%
Portfolio turnover rate <sup>(4)</sup>	53.57%	25.50%

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.
- The Class A – Non-Hedged and Class F – Non-Hedged units are not traded on a stock exchange.
- The Class A – Non-Hedged and Class F – Non-Hedged has both a CAD and USD purchase option.

**MANAGEMENT FEES**

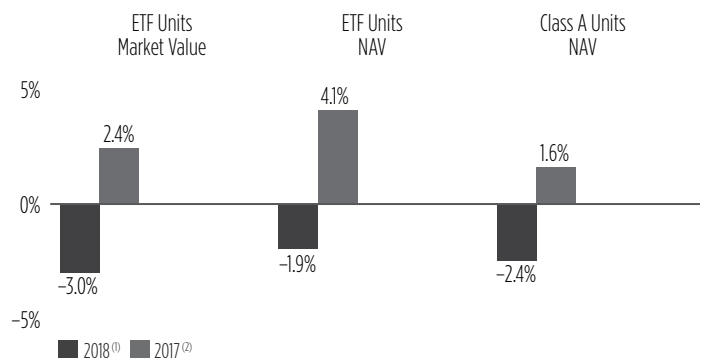
Purpose manages and administers the business, operations and affairs of the Fund. As compensation for the services it provides to the Fund, Purpose is entitled to receive an annual management fee in an amount equal to 0.80% of NAV of the ETF units, 1.55% of NAV of the Class A units, 0.80% of the NAV of the Class F units, 0.80% of NAV of the ETF Non-Currency Hedged units, 1.55% of the NAV of the Class A Non-Currency Hedged units, and 0.80% of the NAV of the Class F Non-Currency Hedged units. 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 Class A, general and administrative expenses and earn revenue.

**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.

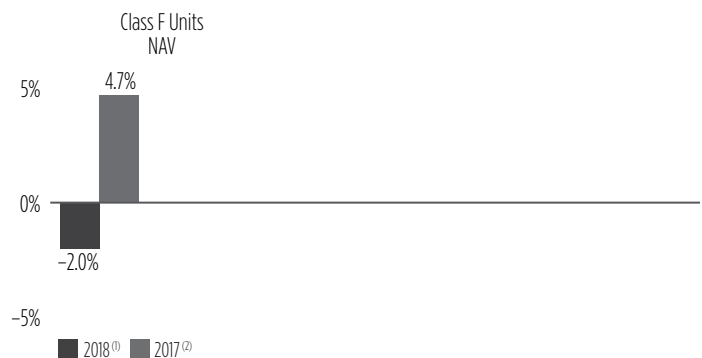
**YEAR-BY-YEAR RETURNS**

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.



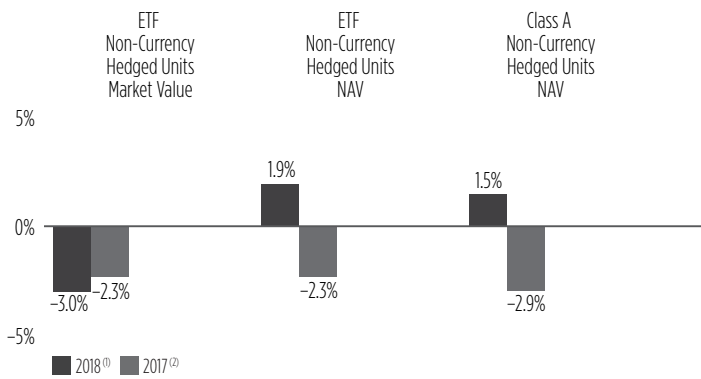
1. Return for the period January 1, 2018 to June 30, 2018.

2. Return for the period March 15, 2017 to December 31, 2017.

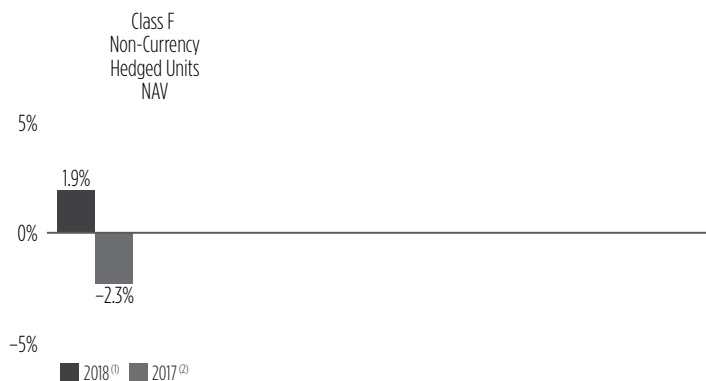


1. Return for the period January 1, 2018 to June 30, 2018.

2. Return for the period March 15, 2017 to December 31, 2017.



1. Return for the period January 1, 2018 to June 30, 2018.
2. Return for the period March 15, 2017 to December 31, 2017.



1. Return for the period January 1, 2018 to June 30, 2018.
2. Return for the period March 15, 2017 to December 31, 2017.

## SUMMARY OF INVESTMENT PORTFOLIO

As at June 30, 2018

### ASSET MIX

	% of Fund's Net Asset Value
\$1000 par (or similar) Institutional Preferred Share	95.8
\$25 par (or similar) Retail Preferred Shares	2.7
Cash and Cash Equivalents	2.5
Net Other Assets	(1.0)
<b>Total Net Asset Value</b>	<b>100.00</b>

### TOP 25 HOLDINGS

	% of Fund's Net Asset Value
Citigroup Inc.	9.8
Goldman Sachs Group Inc. (The)	9.7
JPMorgan Chase & Co.	9.6
Bank of Nova Scotia	7.6
Morgan Stanley	6.4
Bank of America Corp.	5.5
Wells Fargo & Co.	5.1
Bank of Montreal	4.1
Canadian Imperial Bank of Commerce	3.2
General Electric Co.	2.9
PNC Financial Services Group Inc. (The)	2.8
National Bank of Canada	2.7
Cash and Cash Equivalents	2.5
KeyCorp	2.4
MetLife Inc.	2.3
American International Group Inc.	2.1
Fifth Third Bancorp	2.0
State Street Corp.	2.0
Emera Inc.	1.8
Prudential Financial Inc.	1.8
SunTrust Banks Inc.	1.8
Toronto-Dominion Bank (The)	1.7
M&T Bank Corp.	1.4
American Express Co.	1.4
Capital One Financial Corp.	1.4

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.



# FUND INFORMATION

## MANAGER

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

## INVESTMENT SUB-ADVISOR

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## LEGAL COUNSEL

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333 Bay Street  
Toronto, ON M5H 2T6

## AUDITOR

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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

## UNITHOLDER AND RECORDKEEPING

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

## TORONTO STOCK EXCHANGE LISTING

Ticker Symbol: RPU, RPU.B, RPU.U

## INDEPENDENT REVIEW COMMITTEE OF PURPOSE US PREFERRED SHARE FUND (FORMERLY REDWOOD US PREFERRED SHARE FUND)

### DOUGLAS G. HALL

Chair of the Independent Review Committee

### RANDALL C. BARNES

Member of the Independent Review Committee

### JEAN M. FRASER

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