

PURPOSE TACTICAL HEDGED EQUITY FUND

AVAILABLE INVESTMENT SERIES



0.80% MANAGEMENT FEE



1.80% MANAGEMENT FEE
(INCL. 1.00% TRAILER)



0.80% MANAGEMENT FEE
(NO TRAILER)

EQUITY LIKE RETURNS WITH LESS VOLATILITY

STRATEGY

The Purpose Tactical Hedged Equity Fund uses a multi-factor, fundamental, rules-based portfolio selection strategy to select long portfolio securities from a universe of North American equities. The investment strategy is to create an equity portfolio of high quality Canadian and U.S. companies with attractive relative valuations while simultaneously hedging the market risk exposure.

The hedging overlay strategy is based on a trend following model designed to tactically increase market exposure in up-trending markets and lower exposure in down-trending markets. The overall portfolio net market exposure is in a range between 25% and 75% of the total portfolio assets.

PORTFOLIO REBALANCING

Weighting Methodology	Equal Weight
Target Number of Holdings:	70
Maximum Amount Invested In Single Stocks:	90%
Target Number of Sectors:	11
Sector Cap:	20%
Target Market Exposure:	25-75%
Stock Portfolio Rebalancing:	Monthly
Tactical Hedge Rebalancing:	Every 2 Weeks

TOP HOLDINGS

AS OF 1/31/14

Health Net Inc	1.53%
Gran Tierra Energy Inc	1.44%
Express Scripts Holding Co	1.42%
Flextronics International Ltd	1.42%
Jabil Circuit Inc	1.40%
Baker Hughes Inc	1.39%
Sanderson Farms Inc	1.38%
Exelis Inc	1.38%
Cooper Tire & Rubber Co	1.38%
Broadcom Corp	1.38%
Magellan Health Services Inc	1.37%
Caterpillar Inc	1.37%
Dow Chemical Co	1.37%
Marathon Petroleum Corp	1.36%
Rock-Tenn Co	1.35%
CareFusion Corp	1.35%
PulteGroup Inc	1.35%

FUND DETAILS

ETF Series Ticker Symbol:	PHE
FundSERV Series Codes:	Series A - PFC 300 Series F - PFC 301
Management Fee:	0.80%
Class A Trailer Fee:	1.00%
Distribution Frequency:	Annually, if any
Distribution Type:	Canadian Dividends & Capital Gains
Inception Date:	September 3, 2013

CURRENT PORTFOLIO STATISTICS

AS OF 1/31/14

Number of Holdings	70
Dividend Yield	1.69%
Price-to-Earnings Ratio	10.75x
Price-to-Book Ratio	5.52x
Price-to-Cash-Flow	6.38x
Average Mkt Cap (\$bil)	17.77
5 Year Div Growth	7.22%
Net Market Exposure	70.61%

SECTOR BREAKDOWN

AS OF 1/31/14

Industrial Products	14.38%
Energy	14.28%
Health Care Services	13.46%
Consumer Products	12.80%
Materials	11.91%
Consumer Services	11.60%
Technology	9.42%
Cash	8.24%
Communication Services	3.91%

GEOGRAPHIC BREAKDOWN

AS OF 1/31/14

United States	91.76%
Cash	8.24%

MONTHLY COMMENTARY

AS OF 1/31/14

Market Commentary

Global stock markets pulled back sharply after closing out 2013 at the highs, as heightened emerging market volatility triggered a broad sell off across risk assets. Destabilizing events in Turkey and Argentina received the majority of the headlines. Furthermore, weaker Chinese manufacturing data pointing towards a slowdown also fuelled negative sentiment. As a result, foreign investment flows broadly exited the emerging market (EM) space and into safe havens such as bonds and gold. In the U.S., an unexpectedly poor payrolls number was at odds with recent upward trends in economic data. Despite the market turbulence, the Fed tapered an additional \$10 billion, signaling that it was staying the course for an eventual exit from its QE program. In Canada, weak employment and trade data suggested that the BOC would maintain a dovish stance going forward.

Fund Commentary

The Fund holds a portfolio of fundamentally selected stocks together with a dynamic futures hedge. The Fund declined for the first time since inception as the end of month selloff in U.S. equities adversely affected the Fund. The futures hedge offset some of the Fund losses, and diversification into outperforming sectors helped manage risk. The best performing sectors were health care, information technology and industrials while the worst performing sectors were consumer discretionary, energy and consumer staples.

The best performing stocks were Health Net, Flextronics, and Express Scripts while the worst performing stocks were Noble Corp, Whirlpool, and Steel Dynamics. Health Net continues to benefit from outperformance in the health care sector from Obama care. Express Scripts benefitted from positive interpretation of their 2014 guidance, which expects double digit EBITDA growth from decreased costs and a focussed delivery pipeline. Flextronics was up at the end of the month from strong earnings as they saw sales growth across all their segments as recent acquisitions started to bear fruit and cost cutting increased their margins. Noble was the worst performing stock in the portfolio as the company announced a plan to spinoff rigs in late 2014. Steel Dynamics was down on the month as the company's guidance was below expectations on decreasing steel prices, lower seasonal demand, and increased scrap costs. Whirlpool was down on the month as it missed expectations on earnings at month end, which coincided with market risk aversion after the FOMC meeting.

The Fund completed a monthly rebalance at the end of January, turning over 8 names in the portfolio. The equities rebalance targeted profit taking and diversification as the Fund added positions in the information technology, industrials, energy and telecom sector and sold positions in the consumer discretionary, energy, industrials and information technology sectors. The Fund added Broadcom, Cummins, Guess, Lockheed Martin, MRC global, Superior Energy Services, AT&T and Verizon Communications and sold its positions in Avnet, Big Lots, Amdocs, Jacobs Engineering, Manitowoc Company, Phillips 66, Valmont Industries and Xerox Corp. The rebalance also increased the sizing of the short futures hedge.

The Fund continues to hedge its USD currency exposure, maintaining a net USD exposure at approximately 10% of the Fund's net asset value.

The opinions expressed are provided by the portfolio manager responsible for the management of the Fund's investment portfolio, as specified in the Fund's prospectus. Unless otherwise stated, the source for data cited in any commentary is the portfolio manager. Nothing in any commentary should be considered a recommendation to buy or sell a particular security. The Fund may sell these securities at any time, or purchase securities that have previously been sold. The securities may increase or decrease in value after the date hereof, and the Fund may accordingly gain or lose money on the investment in the securities. The statements by the portfolio managers in their commentaries are intended to illustrate their approach in managing the funds, and do not necessarily reflect the views of Purpose Investments Inc. Commissions, trailing commissions, management fees and expenses all may be associated with the investment fund managed by Purpose Investments Inc. The investment funds are not guaranteed, their values change frequently and past performance may not be repeated. Please read the relevant prospectus before investing.