

# PURPOSE CORE INCOME EQUITY FUND – COMMENTARY

## QUICK FACTS

ETF SERIES	RDE
MGMT FEE	0.75%
SERIES F	CWC201
MGMT FEE	0.75%
SERIES A	CWC200
MGMT FEE	1.75%

## DECEMBER 2018

The sell-off in December was a tumultuous one. The TSX declined 5.4% during the month and the S&P 500 fell 9.03%. Purpose Core Income Equity Fund performed roughly in line with the benchmark, however that provides little reprieve in a month like that.

Industrials weighed the heaviest on our performance, due in part to falling oil prices amid global oversupply concerns and an overall bearish 2019 economic outlook. All three of our US industrials were down by double digits. United Parcel Service, Inc. was hit after its competitor, FedEx Corporation, lowered expectations for 2019. Energy names also weighed on the Fund as oil continued its precipitous slide, south of the border. We had some relief in domestic oil prices after the Alberta government and OPEC announced production curtailments, but that was not enough to boost stock prices. Our energy sector underweighting helped, but our stock selection did not, namely with Husky Energy Inc. and Schlumberger Limited.

On the bright side, pun intended, were our gold holdings. Franco-Nevada Corporation and Barrick Gold Corporation moved meaningfully higher and they account for over 5% of the Fund. The North West Company, the regional grocer, also had a great month, up nearly 8%, as the grocers continue to outperform in this environment where only the bear necessities seem worth holding - last pun, we promise. Virtu Financial, which operates as a market maker for ETFs and other trading strategies, rose again thanks to the sustained market volatility. This position remains a welcome diversifier to our portfolio during these turbulent times.

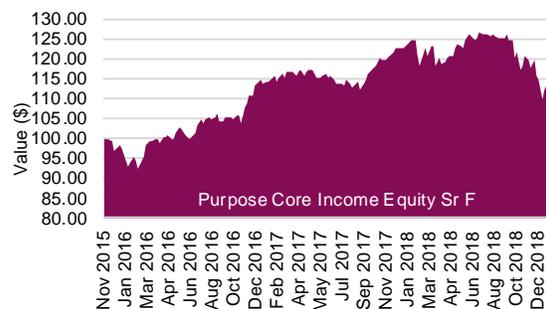
Our market cycle did not flutter last month and remains close to two-thirds positive versus one-third negative. This has us continuing to believe that this is a correction and not the start of a recession. We won't get too worried until that score reverses and we see two-thirds of our leading indicators negatively oriented.

## SUBADVISOR: RICHARDSON GMP / CONNECTED WEALTH®

At Connected Wealth, Craig Basinger and his team manage upwards of \$500 million, with a focus on long term wealth building strategies. The team consists of three portfolio managers and two analysts, headed by Mr. Basinger, who has worked in investment management since 1995. Their guiding principles are transparency, cost efficiency and connectedness.

## RECENT PERFORMANCE

Investment Growth Since Inception



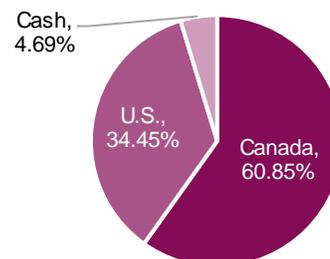
Source: Richardson GMP, As at Dec 31, 2018

## TOP HOLDINGS

NAME	WEIGHT
ROYAL BANK OF CA	4.40%
TORONTO-DOM BANK	4.03%
BANK OF MONTREAL	3.67%
ROGERS COMMUNI-B	3.52%
BCE INC	3.35%
SUN LIFE FINANCI	2.89%
MANULIFE FIN	2.87%
GENERAL MILLS IN	2.65%
FRANCO-NEVADA CO	2.63%
ENBRIDGE INC	2.52%

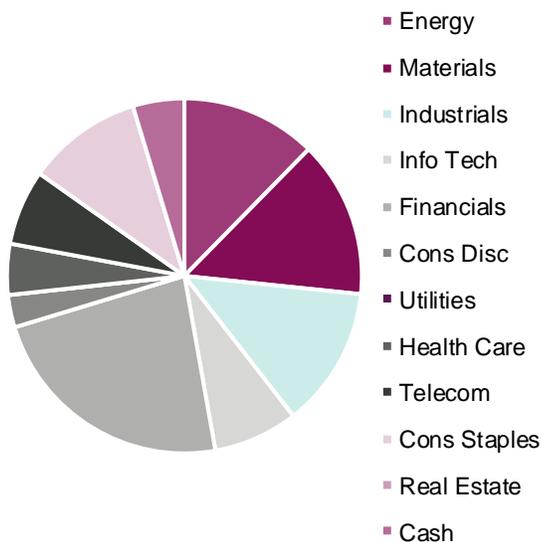
Source: Richardson GMP, As at Jan 09, 2019

## COUNTRY ALLOCATION



Source: Richardson GMP, As at Jan 09, 2019

## SECTOR ALLOCATION



Source: Richardson GMP, As at Jan 09, 2019

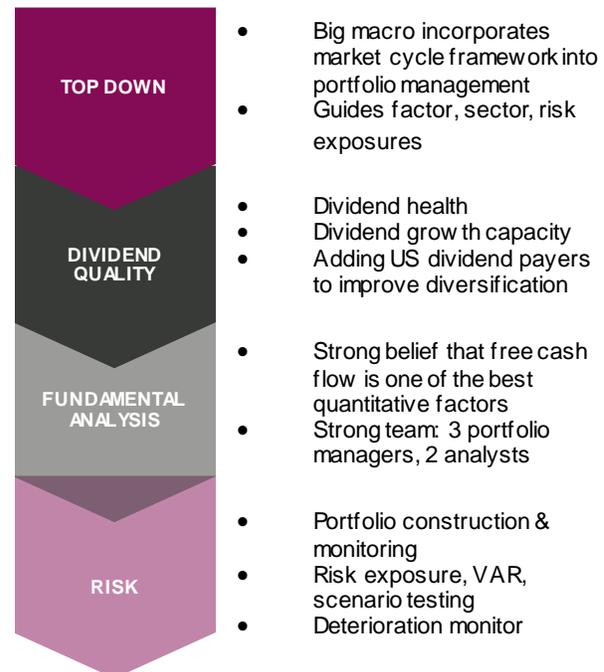
## DESIGNED FOR

- A steady stream of income from dividend-paying companies
- Long-term capital growth
- Exposure to Canadian and U.S. equity markets

## KEY ADVANTAGES

- Dividend-focused investment strategy emphasizing dividend health & sustainability and free cash flow generation
- Flexibility to tactically overweight assets in specific sectors and invest up to 35% in U.S. stocks to provide greater return potential and increased diversification

## INVESTMENT PROCESS



## RISK RATING



	1-MO	3-MO	6-MO	YTD	1-YEAR	2-YEAR	3-YEAR	SINCE INCEPTION*
Purpose Core Equity Income A	-5.34%	-9.44%	-9.57%	-8.50%	-8.50%	-1.24%	4.02%	2.97%
Purpose Core Equity Income F	-5.25%	-9.18%	-9.08%	-7.50%	-7.50%	-0.16%	5.11%	4.06%
S&P/TSX Composite TR	-5.40%	-10.11%	-10.62%	-8.89%	-8.89%	-0.30%	6.36%	5.50%
S&P 500 TR CAD	-6.52%	-8.62%	-3.29%	4.23%	4.23%	8.93%	8.71%	9.56%

\*The inception date of the Purpose Core Income Equity Fund was November 16th, 2015

Source: Morningstar, as at Dec 31, 2018

## PURPOSE CORE INCOME EQUITY FUND – COMMENTARY

*Redwood Asset Management Inc. amalgamated with its parent company, Purpose Investments Inc., on March 31, 2018. Purpose is a different kind of investment company, with an unrelenting focus on client-centric innovation. We offer a range of managed and quantitative investment products, with each product designed to have a clear purpose – to meet a specific goal in building resilient portfolios for our clients. Purpose Investments is a division of Purpose Financial, an independent technology-driven financial services company.*

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