

**QUICK FACTS**

ETF SERIES	BHAV
MGMT FEE	1.00%
SERIES F	PFC2801
MGMT FEE	1.00%
SERIES A	PFC2800
MGMT FEE	2.00%
PERFORMANCE FEE*	10.00%

\*On the increase in the NAV in a year when performance of the Fund exceeds the positive return of the benchmark

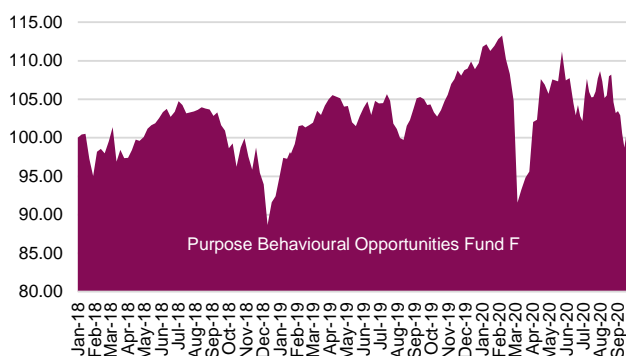
**OCTOBER 2020**

Purpose Behavioural Opportunities Fund is focused on profiting from other investors' emotional mistakes. We all make mistakes when investing, overreacting to news, becoming anchored in our opinions, framing our decisions based on what we originally paid, and the list goes on. During times of heightened emotional states such as bear markets and global pandemics, the potential harm of these behavioural mistakes is magnified. The fund (BHAV) uses numerous strategies, each designed to profit from potentially mis-priced assets/stocks caused by investors' emotions or behavioural biases.

September was a case study in how quickly behaviours can change. Coming off an almost euphoric high in August, it was almost as if investors suddenly noticed the great divide between the market and the economy. The Funds short exposure helped mitigate the drawdowns but it the Fund (PFC2801 F-class) still fell by 4.4% in September. The maximum September drawdown was -6.2% for the Fund compared to -7.52% (on close) for the S&P 500. The Fund is sector agnostic, instead focusing on specific instances of mispricing across a variety of strategies. Nevertheless, the Fund is considerably underweight Consumer Defensive stocks and has zero Utilities. Technology is the largest sector within the Fund and with it leading to the downside during the market upheaval it negatively performance.

**INVESTMENT GROWTH**

Investment Growth Since Inception



Source: Richardson GMP, As at September 30 2020

**SUBADVISOR: RICHARDSON GMP /  
CONNECTED WEALTH ®**

At Connected Wealth, Craig Basinger and his team manage upwards of \$1 billion, 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.

We believe the market often overreacts to earnings results. A positive or negative earnings surprise can often elicit a dramatic move in the share price and a spike in volume. This strategy has grown to 70% of the entire fund, and with Q3 earnings season coming mid-month we expect this strategy to continue to grow. The Fund has a healthy cash balance waiting for opportunities to present themselves.

Given the large amount of information that is released around earnings, surprises can create an emotionally charged environment that often causes behavioural biases to get the better of investors. The specific biases targeted with the strategy are:

**Availability bias** – Making a judgement about the likelihood of an event based on how easily an example, instance or case comes to mind.

**Recency bias** – We're inclined to use our recent experience as the baseline for what will happen in the future.

**TOP HOLDINGS**

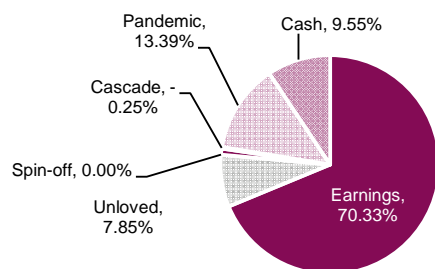
NAME	WEIGHT
BARRICK GOLD CORP	4.6%
SHOPIFY INC - CLASS A	4.2%
DEERE & CO	4.1%
FRANCO-NEVADA CORP	4.0%
FREEPORT-MCMORAN INC	4.0%
ACTIVISION BLIZZARD INC	4.0%
CITRIX SYSTEMS INC	3.8%
NETFLIX INC	3.8%
ALPHABET INC-CL A	3.7%
INTEL CORP	3.6%

Source: Richardson GMP, As at September 30 2020

### THE STRATEGIES

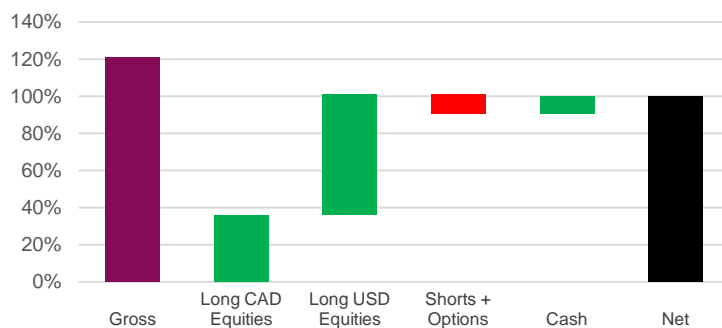
Strategy	Behavioural Bias	Description
Unloved to Less Unloved	Unloved to Less Unloved	Unloved companies – those with few analyst BUY ratings – tend to be neglected and beaten down. This long-only strategy is triggered by an unloved company receiving some upgrades and becoming less unloved
Earnings Overreaction	Earnings Overreaction	Availability bias causes investors to overreact to earnings in the short term. Asymmetric recovery found as higher-quality companies tend to recover from misses relatively quickly while lower-quality companies give back gains from positive surprises. This is a long/short strategy.
Emotional Cascade	Emotional Cascade	On spikes in news, investors often overreact, losing sight of the long term. This is especially evident when information is plentiful and one-sided, skewing the risk/return trade-off and creating an opportunity. This is a long/short strategy.
Indexing Bias	Indexing Bias	While somewhat counterintuitive, once a company is added to an index, it often underperforms for a period. Conversely, those removed often partially recover. This is a long/short strategy.
Crowded Trades	Crowded Trades	Contrarian – when everyone is betting on one outcome, it is often the opposite that occurs. We use non-commercial open futures contracts to measure. As contrarian strategies often take time, we tend to use longer-dated options.
Neglect	Neglect	Small spin-offs are often discarded by portfolio managers as the positions are too small to matter. This creates temporary selling pressure, which this strategy takes advantage of. This is usually a long strategy.
Herd Hedge	Herd Hedge	When market sentiment is skewed in one direction and demonstrates irrational exuberance or pessimism, we take a contrarian position in the options market.

### STRATEGY ALLOCATION



Source: Richardson GMP, As at September 30 2020

### PORTFOLIO EXPOSURE



Source: Richardson GMP, As at September 30 2020

### DESIGNED FOR

- Actively profiting from market inefficiencies and investors' predictable, emotional mistakes
- Long-term capital appreciation and diversification
- Exposure to Canadian and U.S. equity markets

### RISK RATING



### PERFORMANCE

	1-MO	3-MO	6-MO	YTD	1-YEAR	SINCE INCEPTION*
Purpose Behavioural Opportunities A	-4.49%	-4.32%	7.71%	-7.74%	-4.85%	-0.97%
Purpose Behavioural Opportunities F	-4.41%	-4.07%	8.28%	-7.01%	-3.84%	0.18%

\*The inception date of the Purpose Behavioural Opportunities Fund was January 17th, 2018

Source: Morningstar, As at September 30 2020

*All data sourced to Bloomberg unless otherwise noted.*

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