

**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%

**JUNE 2021**

Purpose Behavioural Opportunities Fund, the first of its kind in Canada, is a fund focused on profiting from other investors' emotional mistakes. We all make mistakes when investing, whether it's overreacting to news, becoming anchored in our opinions, or framing our decisions based on what we originally paid — the list goes on. These mistakes detract from long-term investment performance and, under certain circumstances, can lead to mis-priced assets or stocks. BHAV uses numerous strategies, each designed to profit from potentially mis-priced assets/stocks caused by investors' emotions or behavioural biases.

The fund rose 1.3% in May, compared with the TSX, which rose 3.45%, and the S&P 500 which fell by -0.95% in Canadian dollar terms. The fund's elevated cash balance continues to be drag; however, it has been reduced to 12% with further capital being deployed to our earnings overreaction strategy. Overall, it was a rather low trading activity month with few attractive opportunities on the earnings front. The continued strength of the Canadian dollar remains a pressure point. The Fund's allocation to U.S. equities remains elevated, currently 59%.

**INVESTMENT GROWTH**

Investment Growth Since Inception



Source: Richardson Wealth, As at May 31 2021

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

At Connected Wealth, Craig Basinger and his team manage over \$1 billion, with a focus on long term wealth building strategies. The team consists of three portfolio managers and one analyst, headed by Mr. Basinger, who has worked in investment management since 1995. Their guiding principles are transparency, cost efficiency, and connectedness.

The fund has a large Industrial sector allocation, which also coincidentally has the two top performing stocks this month. SNC-Lavalin and Russel Metals were the two top performing holdings followed closely by Freeport-McMoran and Pan American Silver Corp. The latter is a new addition in May. Though only held for part of the month it still managed to contribute in a meaningful way. On the opposite end of the spectrum, the fund's exposure to Technology and Communication Services names weighed on performance.

Despite a mid-month bout of volatility markets continue to grind higher. The Meme stock craze, which appeared to be dying down, has flared up recently but with nowhere near the amount of fanatical widespread mispricing. The extreme speculation remains focused on just a small number of stocks. While we have now doubt that there is a large degree of mispricing going on, for now we remain watching from the sidelines. The risks of shorting are too great, and the high level of volatility has made options unattractive. Behavioural opportunities to add mispriced assets are becoming harder to come by but we remain optimistic moving forward especially if we were to see a corrective phase in the coming months.

**TOP HOLDINGS**

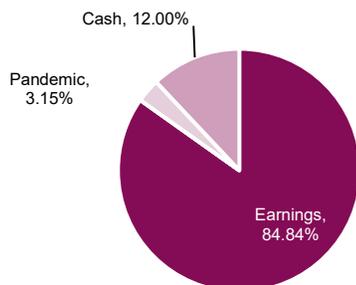
NAME	WEIGHT
FREEPORT-MCMORAN INC	4.4%
SNC-LAVALIN GROUP INC	4.3%
WELLS FARGO & CO	4.3%
CANADIAN NATL RAILWAY CO	4.3%
RUSSEL METALS INC	3.8%
PAN AMERICAN SILVER CORP	3.8%
MOLSON COORS BEVERAGE CO - B	3.7%
CANADA GOOSE HOLDINGS INC	3.7%
NETFLIX INC	3.6%
ULTA BEAUTY INC	3.5%

Source: Richardson Wealth, As at May 31 2021

**THE STRATEGIES**

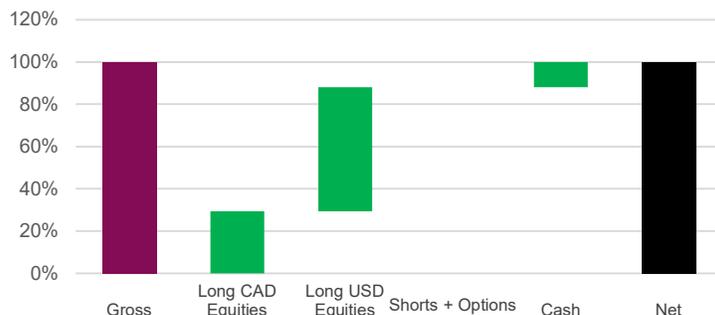
Strategy	Behavioural Bias	Description
Unloved to Less Unloved	Unloved to Less Unloved	Unloved companies – those with few analyst BUY ratings – tend to be neglected and beaten down. This long-only strategy is triggered by an unloved company receiving some upgrades and becoming less unloved
Earnings Overreaction	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 Wealth, As at May 31 2021

**PORTFOLIO EXPOSURE**



Source: Richardson Wealth, As at May 31 2021

**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	2-YEAR	3-YEAR	INCEPT.*
Purpose Behavioural Opportunities A	1.21%	1.33%	9.42%	8.75%	14.90%	9.38%	5.47%	5.21%
Purpose Behavioural Opportunities F	1.30%	1.61%	10.01%	9.23%	16.14%	10.61%	6.70%	6.42%

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

Source: Morningstar, As at May 31 2021

*All data sourced to Bloomberg unless otherwise noted.*

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