



**BLACK DIAMOND GLOBAL EQUITY FUND  
BLACK DIAMOND GLOBAL ENHANCED INCOME FUND  
BLACK DIAMOND DISTRESSED OPPORTUNITIES FUND**

**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
For the financial period ended June 30, 2022

**TABLE OF CONTENTS**

Black Diamond Global Equity Fund	1
Black Diamond Global Enhanced Income Fund	8
Black Diamond Distressed Opportunities Fund	15
Notes to the financial statements	22
Fund information	Back cover

**INTERIM FINANCIAL STATEMENTS (unaudited)**

**STATEMENTS OF FINANCIAL POSITION (unaudited)**

As at:

	June 30, 2022 (\$)	December 31, 2021 (\$)
<b>Assets</b>		
Investments:		
Non-derivative financial assets	4,443,460	26,346,206
Receivables:		
Dividends	4,714	30,211
Capital units sold	-	109,548
Investment securities sold	185,924	-
Prepaid expenses	1,413	-
Derivative assets:		
Options purchased at fair value	289,501	4,105,590
<b>Total assets</b>	<b>4,925,012</b>	<b>30,591,555</b>
<b>Liabilities</b>		
Bank overdraft	1,123,515	3,422,753
Margin payable to brokers	-	4,969,946
Payables:		
Management fees (note 5)	2,650	20,419
Independent review committee fees (note 5)	-	612
Other accrued liabilities (note 5)	91,599	86,186
Dividend	560	4,760
Capital units redeemed	410	-
Investment securities purchased	184,118	-
Performance fees (note 5)	-	343
Derivative liabilities:		
Options written at fair value	-	168,647
<b>Total liabilities</b>	<b>1,402,852</b>	<b>8,673,666</b>
<b>Net assets attributable to holders of redeemable units</b>	<b>3,522,160</b>	<b>21,917,889</b>

	June 30, 2022 (\$)	December 31, 2021 (\$)
<b>Net assets attributable to holders of redeemable units per class</b>		
ETF Units	694,356	5,623,464
Class A Units	263,633	1,008,738
Class F Units	2,564,171	15,079,215
Class TF3 Units	-	206,472
<b>Total</b>	<b>3,522,160</b>	<b>21,917,889</b>
<b>Number of units outstanding (note 4)</b>		
ETF Units	50,000	425,000
Class A Units	17,140	68,506
Class F Units	167,292	1,033,197
Class TF3 Units	-	16,246
<b>Net assets attributable to holders of redeemable units per unit</b>		
ETF Units	13.89	13.23
Class A Units	15.38	14.72
Class F Units	15.33	14.59
Class TF3 Units	-	12.71

The accompanying notes are an integral part of the financial statements.

Approved on behalf of the Board of Directors of Purpose Investments Inc., as trustee and manager of Black Diamond Global Equity Fund



Som Seif  
Director  
August 29, 2022



Jeff Bouganim  
Director

**STATEMENTS OF COMPREHENSIVE INCOME (unaudited)**

For the periods ended:

	June 30, 2022 (\$)	June 30, 2021 (\$)
<b>Income</b>		
Net gains (losses) on investments and derivatives		
Dividend income	37,297	98,163
Net realized gain (loss) on foreign exchange transactions	(62,802)	46,448
Net realized gain (loss) on sale of non-derivative financial assets	(1,988,333)	911,558
Net realized gain (loss) on options	(3,442,461)	(672,360)
Net change in unrealized appreciation (depreciation) on non-derivative financial assets	(1,810,434)	650,383
Net change in unrealized appreciation (depreciation) on options	4,249,337	53,871
Net change in unrealized appreciation (depreciation) on foreign exchange transactions	(60)	23
Net gains (losses) on investments and derivatives	(3,017,456)	1,088,086
Securities lending income <sup>2,3</sup>	3,743	96
Foreign exchange gain (loss) on cash	155,906	(29,606)
<b>Total revenue</b>	<b>(2,857,807)</b>	<b>1,058,576</b>
<b>Expenses</b>		
Transaction costs (note 9) <sup>1</sup>	570,482	70,077
Management fees (note 5)	44,331	86,109
Custodian and fund accounting fees	29,069	16,673
Interest and bank charges	23,920	4,888
Audit fees	12,830	7,947
Withholding taxes (note 7)	8,771	14,935
Legal fees	6,385	25,691
Stock borrow fees	4,005	-
Unitholder reporting	2,597	3,430
Independent review committee fees (note 5)	619	619
Other expenses (note 5)	2,141	5,012
<b>Total expenses</b>	<b>705,150</b>	<b>235,381</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>	<b>(3,562,957)</b>	<b>823,195</b>

**Increase (decrease) in net assets attributable to holders of redeemable units per class (note 8)**

	June 30, 2022 (\$)	June 30, 2021 (\$)
ETF Units	(1,397,568)	20,885
Class A Units	(74,264)	42,976
Class F Units	(2,031,575)	759,694
Class TA3 Units	-	1,077
Class TF3 Units	(59,550)	(1,437)
<b>Total</b>	<b>(3,562,957)</b>	<b>823,195</b>

**Average number of units outstanding (note 8)**

	June 30, 2022	June 30, 2021
ETF Units	270,856	50,000
Class A Units	42,747	63,359
Class F Units	514,496	893,024
Class TA3 Units	-	1,859
Class TF3 Units	16,161	10,184

**Increase (decrease) in net assets attributable to holders of redeemable units per unit (note 8)**

	June 30, 2022	June 30, 2021
ETF Units	(5.16)	0.42
Class A Units	(1.74)	0.68
Class F Units	(3.95)	0.85
Class TA3 Units	-	0.58
Class TF3 Units	(3.68)	(0.14)

1) Soft dollar commission

	June 30, 2022	June 30, 2021
	410	2,245

2) Securities lending:  
The value of securities loaned and collateral received from securities lending is as follows:

	June 30, 2022	June 30, 2021
Value of securities loaned	198,190	982,494
Value of collateral received	212,405	1,032,586

3) Securities lending income  
The table below shows a reconciliation of the gross amount generated from the securities lending transactions of the Fund to the revenue from the securities lending disclosed in the Statements of Comprehensive Income.

	June 30, 2022		June 30, 2021	
	\$	%	\$	%
Gross securities lending income	8,027	100.0	195	100.0
Withholding taxes	(1,789)	(22.3)	(35)	(17.9)
Agent fees	(2,495)	(31.1)	(64)	(32.8)
<b>Securities lending income</b>	<b>3,743</b>	<b>46.6</b>	<b>96</b>	<b>49.3</b>

The accompanying notes are an integral part of the financial statements.

**STATEMENTS OF CHANGES IN FINANCIAL POSITION (unaudited)**

For the periods ended:

	June 30, 2022 (\$)	June 30, 2021 (\$)
<b>ETF Units</b>		
Net assets attributable to holders of redeemable units at beginning of period	5,623,464	-
Increase (decrease) in net assets attributable to holders of redeemable units	(1,397,568)	20,885
<b>Redeemable unit transactions</b>		
Proceeds from issuance of redeemable units	-	1,000,000
Payments for redemption of redeemable units	(3,515,580)	-
Net increase (decrease) from redeemable unit transactions	(3,515,580)	1,000,000
<b>Dividends paid to shareholders of redeemable shares</b>		
From dividends	(15,960)	(1,683)
Total dividends to holders of redeemable shares	(15,960)	(1,683)
Net increase (decrease) in net assets attributable to holders of redeemable units	(4,929,108)	1,019,202
<b>Net assets attributable to holders of redeemable units at end of period</b>	<b>694,356</b>	<b>1,019,202</b>

	June 30, 2022 (\$)	June 30, 2021 (\$)
<b>Class A Units</b>		
Net assets attributable to holders of redeemable units at beginning of period	1,008,738	1,165,415
Increase (decrease) in net assets attributable to holders of redeemable units	(74,264)	42,976
<b>Redeemable unit transactions</b>		
Proceeds from issuance of redeemable units	42,000	439,748
Exchange of redeemable units	(18,807)	(71,617)
Payments for redemption of redeemable units	(693,497)	(36,441)
Reinvestment of dividends	2,036	3,815
Net increase (decrease) from redeemable unit transactions	(668,268)	335,505
<b>Dividends paid to shareholders of redeemable shares</b>		
From dividends	(2,573)	(4,342)
Total dividends to holders of redeemable shares	(2,573)	(4,342)
Net increase (decrease) in net assets attributable to holders of redeemable units	(745,105)	374,139
<b>Net assets attributable to holders of redeemable units at end of period</b>	<b>263,633</b>	<b>1,539,554</b>

	June 30, 2022 (\$)	June 30, 2021 (\$)
<b>Class F Units</b>		
Net assets attributable to holders of redeemable units at beginning of period	15,079,215	13,789,191
Increase (decrease) in net assets attributable to holders of redeemable units	(2,031,575)	759,694
<b>Redeemable unit transactions</b>		
Proceeds from issuance of redeemable units	1,463,495	10,125,316
Exchange of redeemable units	2,495,723	23,449
Payments for redemption of redeemable units	(14,433,778)	(516,090)
Reinvestment of dividends	21,279	43,701
Net increase (decrease) from redeemable unit transactions	(10,453,281)	9,676,376
<b>Dividends paid to shareholders of redeemable shares</b>		
From dividends	(30,188)	(61,453)
Total dividends to holders of redeemable shares	(30,188)	(61,453)
Net increase (decrease) in net assets attributable to holders of redeemable units	(12,515,044)	10,374,617
<b>Net assets attributable to holders of redeemable units at end of period</b>	<b>2,564,171</b>	<b>24,163,808</b>

	June 30, 2022 (\$)	June 30, 2021 (\$)
<b>Class TA3 Units</b>		
Net assets attributable to holders of redeemable units at beginning of period	-	-
Increase (decrease) in net assets attributable to holders of redeemable units	-	1,077
<b>Redeemable unit transactions</b>		
Exchange of redeemable units	-	37,166
Reinvestment of dividends	-	93
Net increase (decrease) from redeemable unit transactions	-	37,259
<b>Dividends paid to shareholders of redeemable shares</b>		
From dividends	-	(93)
Total dividends to holders of redeemable shares	-	(93)
Net increase (decrease) in net assets attributable to holders of redeemable units	-	38,243
<b>Net assets attributable to holders of redeemable units at end of period</b>	<b>-</b>	<b>38,243</b>

	June 30, 2022 (\$)	June 30, 2021 (\$)
<b>Class TF3 Units</b>		
Net assets attributable to holders of redeemable units at beginning of period	206,472	-
Increase (decrease) in net assets attributable to holders of redeemable units	(59,550)	(1,437)
<b>Redeemable unit transactions</b>		
Proceeds from issuance of redeemable units	-	307,000
Payments for redemption of redeemable units	(145,630)	-
Reinvestment of dividends	1,150	1,421
Net increase (decrease) from redeemable unit transactions	(144,480)	308,421
<b>Dividends paid to shareholders of redeemable shares</b>		
From dividends	(2,442)	(3,232)
Total dividends to holders of redeemable shares	(2,442)	(3,232)
Net increase (decrease) in net assets attributable to holders of redeemable units	(206,472)	303,752
<b>Net assets attributable to holders of redeemable units at end of period</b>	<b>-</b>	<b>303,752</b>

The accompanying notes are an integral part of the financial statements.

**STATEMENTS OF CASH FLOWS (unaudited)**

For the periods ended:

	June 30, 2022 (\$)	June 30, 2021 (\$)
<b>Cash Flows from Operating Activities</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	(3,562,957)	823,195
Adjustments for:		
Foreign exchange loss (gain) on cash	(155,906)	29,606
Purchase of investments	(72,378,490)	(23,295,989)
Proceeds from sale of investments	94,364,500	13,218,406
Net realized loss (gain) on sale of non-derivative financial assets	1,988,333	(911,558)
Net realized loss (gain) on options	3,442,461	672,360
Net change in unrealized depreciation (appreciation) on non-derivative financial assets	1,810,434	(650,383)
Net change in unrealized depreciation (appreciation) on options	(4,249,337)	(53,871)
Net change in non-cash working capital balances	10,773	(5,455)
Transaction costs (note 9)	570,482	70,077
	<u>21,840,293</u>	<u>(10,103,612)</u>
<b>Cash Flows from (used in) Financing Activities</b>		
Proceeds from issuance of redeemable units	1,615,042	11,872,063
Exchange of redeemable units	2,476,916	(11,004)
Payments for redemption of redeemable units	(18,788,075)	(551,982)
Dividends to holders, net of reinvestments	(30,898)	(84,774)
	<u>(14,727,015)</u>	<u>11,224,303</u>
Foreign exchange gain (loss) on cash	155,906	(29,606)
Increase (decrease) in cash and cash equivalents	7,113,278	1,120,691
Cash and cash equivalents (bank overdraft), at beginning of period	(8,392,699)	(984,772)
<b>Cash and cash equivalents (bank overdraft), at end of period</b>	<b>(1,123,515)</b>	<b>106,313</b>
Interest received (paid)	-	80
Dividends received (paid), net of withholding taxes	54,023	85,425

The accompanying notes are an integral part of the financial statements.

**SCHEDULE OF INVESTMENTS (unaudited)**

As at June 30, 2022

Security	Number of Shares/Units/ Par Value	Average Cost (\$)	Fair Value (\$)
<b>Equities – 126.16%</b>			
<b>Canadian Equities – 3.23%</b>			
<b>Information Technology – 3.23%</b>			
Shopify Inc., Class 'A'	2,830	133,030	113,800
		<u>133,030</u>	<u>113,800</u>
<b>Total Canadian Equities – 3.23%</b>			
<b>United States Equities – 97.91%</b>			
<b>Communication Services – 25.47%</b>			
Alphabet Inc., Class 'A'	65	180,726	182,334
ANGI Homeservices Inc.	15,659	245,432	92,316
Meta Platforms Inc., Class 'A'	630	230,315	130,763
Nextdoor Holdings Inc.	32,629	114,246	139,020
Roblox Corporation	1,768	80,978	74,782
Shutterstock Inc.	1,652	132,017	121,867
Walt Disney Co. (The)	1,284	175,750	156,021
		<u>1,159,464</u>	<u>897,103</u>
<b>Consumer Discretionary – 19.67%</b>			
Amazon.com Inc.	1,074	173,364	146,831
Etsy Inc.	924	158,680	87,074
RealReal Inc. (The)	43,027	190,060	137,907
Restoration Hardware Holdings Inc.	421	206,005	115,026
Wayfair Inc.	1,647	111,597	92,348
Wynn Resorts Ltd.	1,547	129,406	113,464
		<u>969,112</u>	<u>692,650</u>
<b>Consumer Staples – 0.23%</b>			
PepsiCo Inc.	38	6,857	8,152
		<u>6,857</u>	<u>8,152</u>
<b>Financials – 5.01%</b>			
Cboe Global Markets Inc.	505	59,821	73,578
Visa Inc., Class 'A'	406	109,168	102,895
		<u>168,989</u>	<u>176,473</u>
<b>Health Care – 7.91%</b>			
illumina Inc.	715	207,624	169,675
Moderna Inc.	593	153,767	109,039
		<u>361,391</u>	<u>278,714</u>
<b>Industrials – 7.85%</b>			
Hayward Holdings Inc.	5,881	112,464	108,933
Uber Technologies Inc.	3,278	137,979	86,330
Vertiv Holdings LLC	7,671	111,669	81,165
		<u>362,112</u>	<u>276,428</u>
<b>Information Technology – 27.13%</b>			
Affirm Holdings Inc.	2,799	75,775	65,068
Cvent Holding Corp.	24,213	162,142	143,991
Momentive Global Inc.	8,837	116,351	100,100
NVIDIA Corp.	769	183,376	150,052
Palantir Technologies Inc.	6,290	65,297	73,435
salesforce.com Inc.	340	98,728	72,230
Smartsheet Inc.	3,090	130,180	125,011
Square Inc., Class 'A'	1,410	172,872	111,547
Workday Inc., Class 'A'	635	115,587	114,089
		<u>1,120,308</u>	<u>955,523</u>
<b>Materials – 2.49%</b>			
Corteva Inc.	1,261	60,325	87,878
		<u>60,325</u>	<u>87,878</u>

**SCHEDULE OF INVESTMENTS (unaudited) (continued)**

As at June 30, 2022

Security	Number of Shares/Units/Par Value	Average Cost (\$)	Fair Value (\$)
<b>Real Estate – 2.15%</b>			
American Tower Corp. REIT	230	68,752	75,669
		68,752	75,669
<b>Total United States Equities – 97.91%</b>		4,277,310	3,448,590
<b>International Equities – 25.02%</b>			
<b>Argentina – 2.98%</b>			
Consumer Discretionary – 2.98%			
MercadoLibre Inc.	128	140,552	104,932
		140,552	104,932
<b>Total Argentina Equities – 2.98%</b>		140,552	104,932
<b>Brazil – 3.34%</b>			
Information Technology – 3.34%			
Pagseguro Digital Ltd.	8,917	139,987	117,534
		139,987	117,534
<b>Total Brazil Equities – 3.34%</b>		139,987	117,534
<b>France – 3.27%</b>			
Consumer Discretionary – 3.27%			
LVMH Moet Hennessy-Louis Vuitton SE	147	140,851	115,346
		140,851	115,346
<b>Total France Equities – 3.27%</b>		140,851	115,346
<b>Germany – 4.61%</b>			
Financials – 3.56%			
Deutsche Boerse AG	583	120,397	125,513
		120,397	125,513
<b>Industrials – 1.05%</b>			
MTU Aero Engines AG	158	44,920	37,021
		44,920	37,021
<b>Total Germany Equities – 4.61%</b>		165,317	162,534

Security	Number of Shares/Units/Par Value	Average Cost (\$)	Fair Value (\$)
<b>Israel – 3.71%</b>			
Information Technology – 3.71%			
Wix.com Ltd.	1,547	128,991	130,530
		128,991	130,530
<b>Total Israel Equities – 3.71%</b>		128,991	130,530
<b>Japan – 2.06%</b>			
Financials – 2.06%			
Japan Exchange Group Inc.	3,900	122,357	72,445
		122,357	72,445
<b>Total Japan Equities – 2.06%</b>		122,357	72,445
<b>Netherlands – 2.13%</b>			
Consumer Staples – 2.13%			
Heineken NV	639	84,967	74,991
		84,967	74,991
<b>Total Netherlands Equities – 2.13%</b>		84,967	74,991
<b>Singapore – 2.92%</b>			
Communication Services – 2.92%			
Sea Ltd.	1,194	170,258	102,758
		170,258	102,758
<b>Total Singapore Equities – 2.92%</b>		170,258	102,758
<b>Total International Equities – 25.02%</b>		1,093,280	881,070
<b>Total Equities – 126.16%</b>		5,503,620	4,443,460
Transaction Costs (note 9)		(22,302)	–
<b>Total Investments – 126.16%</b>		5,481,318	4,443,460
Options (Schedule 1) – 6.25%			220,168
Foreign Exchange Options (Schedule 2) – 1.97%			69,333
Cash and Cash Equivalents – (31.90)%			(1,123,515)
Other Assets, Less Liabilities – (2.48)%			(87,286)
<b>Net Assets – 100.00%</b>			<b>3,522,160</b>

The accompanying notes are an integral part of the financial statements.

**SCHEDULE 1 - OPTIONS**

As at June 30, 2022

Purchased Put Options USD	Number of Contracts	Strike Price (USD)	Expiry Date	Premium Received (CAD)	Fair Value (CAD)
Invesco QQQ Trust, Series '1'	350	278.00	2022-07-02	68,213	74,336
Invesco QQQ Trust, Series '1'	300	272.00	2022-07-09	99,351	97,698
				167,564	172,034
<b>Purchased Call Options USD</b>	<b>Number of Contracts</b>	<b>Strike Price (USD)</b>	<b>Expiry Date</b>	<b>Premium Received (CAD)</b>	<b>Fair Value (CAD)</b>
Alphabet Inc., Class 'A'	2	2,300.00	2022-09-17	25,270	27,641
Amazon.com Inc.	40	120.00	2022-09-17	23,233	20,338
Walt Disney Co. (the)	40	120.00	2022-07-16	30,122	155
				78,625	48,134
				246,189	220,168

**SCHEDULE 2 - FOREIGN EXCHANGE OPTIONS**

As at June 30, 2022

Purchased Put Foreign Exchange Options USD	Number of Contracts	Strike Price (USD)	Expiry Date	Premium Paid (CAD)	Fair Value (CAD)
CADC USDP	5,000,000	1.25	2023-01-21	97,204	69,333
				97,204	69,333

**NOTES TO THE FINANCIAL STATEMENTS - SPECIFIC INFORMATION - BLACK DIAMOND GLOBAL EQUITY FUND (unaudited)**

**A) INVESTMENT OBJECTIVES (NOTE 2)**

Black Diamond Global Equity Fund's (the "Fund") investment objectives are to provide unitholders with: (i) long-term capital growth, and (ii) current income. The Fund will achieve its investment objectives by primarily investing in equity securities of companies anywhere in the world. The Fund may also invest in other types of asset classes and securities that distribute, or may be expected to distribute, income.

**B) REDEEMABLE PARTICIPATING UNITS (NOTE 4)**

Changes in outstanding units during the periods ended June 30, 2022 and December 31, 2021 are summarized as follows:

	Number of Units				
	ETF Units	Class A Units	Class F Units	Class TA3 Units	Class TF3 Units
Outstanding, December 31, 2020	-	54,688	646,114	-	-
Issued	425,000	29,351	713,013	1,858	15,362
Reinvested	-	4,399	92,440	19	884
Redeemed	-	(19,932)	(418,370)	(1,877)	-
Outstanding, December 31, 2021	425,000	68,506	1,033,197	-	16,246
Issued	-	2,948	278,677	-	-
Reinvested	-	158	1,622	-	106
Redeemed	(375,000)	(54,472)	(1,146,204)	-	(16,352)
Outstanding, June 30, 2022	50,000	17,140	167,292	-	-

**C) MANAGEMENT FEES, SERVICE FEES AND OTHER EXPENSES (NOTE 5)**

Annual Management Fee (% of Net Asset Value of each unit)

Class	Management Fee
ETF Units	0.65%
Class A Units*	1.65%
Class F Units	0.65%
Class TF3 Units	0.65%

\* Includes a service fee at an annual rate of 1.00% of the daily average Net Asset Value of the Class A Units.

**D) FAIR VALUE INVESTMENTS (NOTE 10)**

The following inputs were used in valuing the Fund's investments and derivatives at fair values as at June 30, 2022:

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
<b>Financial assets</b>				
Equities	4,443,460	-	-	4,443,460
Options	220,168	69,333	-	289,501
<b>Total financial assets</b>	<b>4,663,628</b>	<b>69,333</b>	<b>-</b>	<b>4,732,961</b>
<b>Total financial assets and liabilities</b>	<b>4,663,628</b>	<b>69,333</b>	<b>-</b>	<b>4,732,961</b>

The following inputs were used in valuing the Fund's investments and derivatives at fair values as at December 31, 2021:

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
<b>Financial assets</b>				
Equities	26,346,206	-	-	26,346,206
Options	4,105,585	5	-	4,105,590
<b>Total financial assets</b>	<b>30,451,791</b>	<b>5</b>	<b>-</b>	<b>30,451,796</b>

**Financial liabilities**

Options	168,647	-	-	168,647
<b>Total financial liabilities</b>	<b>168,647</b>	<b>-</b>	<b>-</b>	<b>168,647</b>
<b>Total financial assets and liabilities</b>	<b>30,283,144</b>	<b>5</b>	<b>-</b>	<b>30,283,149</b>

The following table reconciles the Fund's Level 3 fair value measurements for the periods ended June 30, 2022 and December 31, 2021:

	2022 (\$)	2021 (\$)
Beginning of period	-	1,432
Acquisitions	-	-
Net transfers	-	(1,432)
<b>End of period</b>	<b>-</b>	<b>-</b>

**E) FINANCIAL RISKS (NOTE 11)**

**Market price risk**

If equity prices for these securities had increased or decreased by 5% as at June 30, 2022, with all other variables held constant, the Fund's net assets would have increased or decreased, respectively, by approximately \$0.2 million (December 31, 2021 - \$1.3 million). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

**Currency risk**

The table below summarizes the Fund's direct exposure to foreign currencies as at June 30, 2022, including the fair value of currency forward contracts that are used to hedge the foreign currency risk:

Currency	Fair Value Excluding Currency Forward Contracts (\$)	Currency Forward Contracts (\$)	Net Currency Exposure (\$)	% of Net Assets
Brazilian Real	609	-	609	0.0
Euro	412,766	-	412,766	11.7
Japanese Yen	72,445	-	72,445	2.1
Swedish Krona	1,258	-	1,258	0.0
United States Dollar	4,241,833	-	4,241,833	120.4
<b>Net exposure</b>	<b>4,728,911</b>	<b>-</b>	<b>4,728,911</b>	<b>134.2</b>

The table below summarizes the Fund's direct exposure to foreign currencies as at December 31, 2021, including the fair value of currency forward contracts that are used to hedge the foreign currency risk:

Currency	Fair Value Excluding Currency Forward Contracts (\$)	Currency Forward Contracts (\$)	Net Currency Exposure (\$)	% of Net Assets
Brazilian Real	1,216,596	-	1,216,596	5.6
Euro	3,798,814	-	3,798,814	17.3
Hong Kong Dollar	405,688	-	405,688	1.8
Japanese Yen	257,514	-	257,514	1.2
Mexican Peso	637,017	-	637,017	2.9
Swedish Krona	457,932	-	457,932	2.1
United States Dollar	16,895,635	-	16,895,635	77.1
<b>Net exposure</b>	<b>23,669,196</b>	<b>-</b>	<b>23,669,196</b>	<b>108.0</b>



**NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION –  
BLACK DIAMOND GLOBAL EQUITY FUND (unaudited) (continued)**

If the Canadian dollar weakened or strengthened by 5% as at June 30, 2022, with all other variables held constant, the Fund's net assets would have increased or decreased, respectively, by \$0.2 million (December 31, 2021 – \$1.2 million). In practice, actual results may differ from this sensitivity analysis.

***Portfolio concentration risk***

The Manager manages the risk through diversification and a thorough understanding of each investment in the portfolio.

**F) INCOME TAXES**

The Fund qualifies and intends to continue to qualify as a mutual fund trust under the Income Tax Act (Canada) and, accordingly, is subject to tax on its investment income, including net realized capital gains, for any tax year in which its net investment income or sufficient net realized capital gains are not paid or payable to its unitholders as at the end of its tax year. It is the intention of the Manager that all annual net investment income and sufficient net taxable capital gains will be distributed to unitholders on a tax year basis such that no Canadian income taxes are payable by the Fund. As a result thereof, no provision for income taxes is made in these financial statements.

As at December 31, 2021 and 2020, the Fund had no capital losses and no non-capital losses carry forward for income tax purposes. Capital losses may be carried forward indefinitely to be applied against future capital gains. Non-capital losses may be utilized to reduce taxable income over the twenty years following the year in which they arise.

## INTERIM FINANCIAL STATEMENTS (unaudited)

STATEMENTS OF FINANCIAL POSITION  
(unaudited)

As at:

	June 30, 2022 (\$)	December 31, 2021 (\$)
<b>Assets</b>		
Investments:		
Non-derivative financial assets	7,765,381	43,144,532
Cash and cash equivalents	966,216	9,258,344
Receivables:		
Dividends	6,893	39,043
Interest	-	1,957
Investment securities sold	205,142	-
Prepaid expenses	1,069	952
Derivative assets:		
Options purchased at fair value	467,111	467,024
<b>Total assets</b>	<b>9,411,812</b>	<b>52,911,852</b>
<b>Liabilities</b>		
Payables:		
Management fees (note 5)	11,457	51,663
Independent review committee fees (note 5)	-	817
Other accrued liabilities (note 5)	89,636	67,608
Capital units redeemed	150,000	31,600
Investment securities purchased	300,423	-
Derivative liabilities:		
Options written, at fair value	-	85,672
<b>Total liabilities</b>	<b>551,516</b>	<b>237,360</b>
<b>Net assets attributable to holders of redeemable units</b>	<b>8,860,296</b>	<b>52,674,492</b>
<b>Net assets attributable to holders of redeemable units per class</b>		
Class A Units	898,959	3,160,322
Class F Units	7,961,337	49,514,170
<b>Total</b>	<b>8,860,296</b>	<b>52,674,492</b>
<b>Number of units outstanding (note 4)</b>		
Class A Units	51,587	172,837
Class F Units	453,476	2,702,883
<b>Net assets attributable to holders of redeemable units per unit</b>		
Class A Units	17.43	18.29
Class F Units	17.56	18.32

The accompanying notes are an integral part of the financial statements.

Approved on behalf of the Board of Directors of Purpose Investments Inc.,  
as trustee and manager of Black Diamond Global Enhanced Income Fund

Som Seif  
Director  
August 29, 2022

Jeff Bouganim  
Director

STATEMENTS OF COMPREHENSIVE INCOME (unaudited)

For the periods ended:

	June 30, 2022 (\$)	June 30, 2021 (\$)
<b>Income</b>		
Net gains (losses) on investments and derivatives		
Dividend income	99,036	122,704
Interest income for distribution purposes	13,648	15,256
Net realized gain (loss) on foreign exchange transactions	(6,900)	(8,273)
Net realized gain (loss) on sale of non-derivative financial assets	(7,412,296)	232,423
Net realized gain (loss) on currency forward contracts	-	(5,829)
Net realized gain (loss) on options	97,030	436,739
Net change in unrealized appreciation (depreciation) on non-derivative financial assets	621,087	486,361
Net change in unrealized appreciation (depreciation) on options	1,033,623	(49,032)
Net change in unrealized appreciation (depreciation) on foreign exchange transactions	(50)	(35)
Net gains (losses) on investments and derivatives	(5,554,822)	1,230,314
Securities lending income <sup>2,3</sup>	4,879	272
Foreign exchange gain (loss) on cash	224,980	(3,689)
<b>Total revenue</b>	<b>(5,324,963)</b>	<b>1,226,897</b>
<b>Expenses</b>		
Transaction costs (note 9) <sup>1</sup>	703,799	24,402
Management fees (note 5)	170,093	237,568
Legal fees	25,071	15,919
Interest and bank charges	23,734	5,326
Custodian and fund accounting fees	18,547	15,863
Withholding taxes (note 7)	17,655	14,941
Audit fees	12,809	8,143
Unitholder reporting	2,409	3,231
Independent review committee fees (note 5)	744	744
Other expenses (note 5)	2,064	3,345
<b>Total expenses</b>	<b>976,925</b>	<b>329,482</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>	<b>(6,301,888)</b>	<b>897,415</b>

	June 30, 2022 (\$)	June 30, 2021 (\$)		
<b>Increase (decrease) in net assets attributable to holders of redeemable units per class (note 8)</b>				
Class A Units	(382,555)	98,285		
Class F Units	(5,919,333)	799,130		
<b>Total</b>	<b>(6,301,888)</b>	<b>897,415</b>		
<b>Average number of units outstanding (note 8)</b>				
Class A Units	109,402	243,247		
Class F Units	1,674,799	1,672,026		
<b>Increase (decrease) in net assets attributable to holders of redeemable units per unit (note 8)</b>				
Class A Units	(3.50)	0.40		
Class F Units	(3.53)	0.48		
1) Soft dollar commission	679	1,007		
2) Securities lending: The value of securities loaned and collateral received from securities lending is as follows:				
	June 30, 2022	June 30, 2021		
Value of securities loaned	485,847	3,009,592		
Value of collateral received	514,575	3,162,701		
3) Securities lending income The table below shows a reconciliation of the gross amount generated from the securities lending transactions of the Fund to the revenue from the securities lending disclosed in the Statements of Comprehensive Income.				
	June 30, 2022	June 30, 2021		
	\$	%	\$	%
Gross securities lending income	10,341	100.0	499	100.0
Withholding taxes	(2,211)	(21.4)	(45)	(9.0)
Agent fees	(3,251)	(31.4)	(182)	(36.5)
Securities lending income	4,879	47.2	272	54.5

The accompanying notes are an integral part of the financial statements.

**STATEMENTS OF CHANGES IN FINANCIAL POSITION (unaudited)**

For the periods ended:

	June 30, 2022 (\$)	June 30, 2021 (\$)
<b>Class A Units</b>		
Net assets attributable to holders of redeemable units at beginning of period	3,160,322	4,495,147
Increase (decrease) in net assets attributable to holders of redeemable units	(382,555)	98,285
<b>Redeemable unit transactions</b>		
Proceeds from issuance of redeemable units	-	1,092,598
Exchange of redeemable units	(42,968)	(84,919)
Payments for redemption of redeemable units	(1,832,136)	(254,136)
Reinvestment of distributions	25,951	42,692
Net increase (decrease) from redeemable unit transactions	(1,849,153)	796,235
<b>Distributions paid or payable to holders of redeemable units</b>		
From dividends	(29,655)	(44,787)
Total distributions to holders of redeemable units	(29,655)	(44,787)
Net increase (decrease) in net assets attributable to holders of redeemable units	(2,261,363)	849,733
<b>Net assets attributable to holders of redeemable units at end of period</b>	<b>898,959</b>	<b>5,344,880</b>

	June 30, 2022 (\$)	June 30, 2021 (\$)
<b>Class F Units</b>		
Net assets attributable to holders of redeemable units at beginning of period	49,514,170	24,854,561
Increase (decrease) in net assets attributable to holders of redeemable units	(5,919,333)	799,130
<b>Redeemable unit transactions</b>		
Proceeds from issuance of redeemable units	681,771	14,220,456
Exchange of redeemable units	(2,523,924)	(576,858)
Payments for redemption of redeemable units	(33,569,871)	(950,249)
Reinvestment of distributions	232,929	291,265
Net increase (decrease) from redeemable unit transactions	(35,179,095)	12,984,614
<b>Distributions paid or payable to holders of redeemable units</b>		
From dividends	(454,405)	(319,252)
Total distributions to holders of redeemable units	(454,405)	(319,252)
Net increase (decrease) in net assets attributable to holders of redeemable units	(41,552,833)	13,464,492
<b>Net assets attributable to holders of redeemable units at end of period</b>	<b>7,961,337</b>	<b>38,319,053</b>

The accompanying notes are an integral part of the financial statements.

**STATEMENTS OF CASH FLOWS (unaudited)**

For the periods ended:

	June 30, 2022 (\$)	June 30, 2021 (\$)
<b>Cash Flows from Operating Activities</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	(6,301,888)	897,415
Adjustments for:		
Foreign exchange loss (gain) on cash	(224,980)	3,689
Purchase of investments	(101,420,735)	(23,204,252)
Proceeds from sale of investments	130,445,053	9,884,631
Net realized loss (gain) on sale of non-derivative financial assets	7,412,296	(232,423)
Net realized loss (gain) on options	(97,030)	(436,739)
Net change in unrealized depreciation (appreciation) on non-derivative financial assets	(621,087)	(486,361)
Net change in unrealized depreciation (appreciation) on options	(1,033,623)	49,032
Net change in non-cash working capital balances	14,995	39,584
Transaction costs (note 9)	703,799	24,402
	28,876,800	(13,461,022)
<b>Cash Flows from (used in) Financing Activities</b>		
Proceeds from issuance of redeemable units	681,771	15,407,616
Exchange of redeemable units	(2,566,892)	(661,777)
Payments for redemption of redeemable units	(35,283,607)	(1,204,385)
Distributions to holders, net of reinvestments	(225,180)	(30,082)
	(37,393,908)	13,511,372
Foreign exchange gain (loss) on cash	224,980	(3,689)
Increase (decrease) in cash and cash equivalents	(8,517,108)	50,350
Cash and cash equivalents, at beginning of period	9,258,344	5,985,433
<b>Cash and cash equivalents, at end of period</b>	<b>966,216</b>	<b>6,032,094</b>
Interest received (paid)	6,987	15,158
Dividends received (paid), net of withholding taxes	113,531	118,708

The accompanying notes are an integral part of the financial statements.

**SCHEDULE OF INVESTMENTS (unaudited)**

As at June 30, 2022

Security	Number of Shares/Units/ Par Value	Average Cost (\$)	Fair Value (\$)
<b>Equities – 87.64%</b>			
<b>Canadian Equities – 2.30%</b>			
<b>Information Technology – 2.30%</b>			
Shopify Inc., Class 'A'	5,070	216,864	203,875
		216,864	203,875
<b>Total Canadian Equities – 2.30%</b>		216,864	203,875
<b>United States Equities – 63.16%</b>			
<b>Communication Services – 23.53%</b>			
Alphabet Inc., Class 'A'	131	350,756	367,474
ANGI Homeservices Inc.	55,564	549,207	327,571
Meta Platforms Inc., Class 'A'	1,754	438,101	364,062
Nextdoor Holdings Inc.	53,969	213,331	229,942
Roblox Corporation	7,123	261,819	301,284
Shutterstock Inc.	3,655	268,080	269,627
Walt Disney Co. (The)	1,854	294,102	225,283
		2,375,396	2,085,243
<b>Consumer Discretionary – 11.68%</b>			
Amazon.com Inc.	1,982	330,715	270,966
RealReal Inc. (The)	113,860	518,394	364,936
Restoration Hardware Holdings Inc.	303	165,009	82,786
Wayfair Inc.	1,169	79,883	65,546
Wynn Resorts Ltd.	3,417	270,956	250,619
		1,364,957	1,034,853
<b>Financials – 2.46%</b>			
Cboe Global Markets Inc.	1,170	134,168	170,467
Visa Inc., Class 'A'	188	49,550	47,646
		183,718	218,113
<b>Health Care – 4.53%</b>			
23andMe Holding Co.	28,479	354,795	90,912
Illumina Inc.	943	299,293	223,782
Moderna Inc.	472	154,113	86,790
		808,201	401,484
<b>Industrials – 2.55%</b>			
Lockheed Martin Corp.	91	44,454	50,363
Uber Technologies Inc.	6,655	243,394	175,267
		287,848	225,630
<b>Information Technology – 15.64%</b>			
Affirm Holdings Inc.	2,749	104,803	63,906
Cvent Holding Corp.	41,747	269,800	248,264
Microsoft Corp.	249	69,039	82,317
NVIDIA Corp.	1,353	307,227	264,006
Palantir Technologies Inc.	15,548	156,783	181,521
PayPal Holdings Inc.	458	65,577	41,173
salesforce.com Inc.	482	120,309	102,396
Square Inc., Class 'A'	2,224	240,365	175,944
Workday Inc., Class 'A'	1,259	229,173	226,201
		1,563,076	1,385,728
<b>Materials – 1.64%</b>			
Corteva Inc.	2,090	95,418	145,650
		95,418	145,650
<b>Real Estate – 1.13%</b>			
American Tower Corp. REIT	303	89,936	99,686
		89,936	99,686
<b>Total United States Equities – 63.16%</b>		6,768,550	5,596,387

Security	Number of Shares/Units/ Par Value	Average Cost (\$)	Fair Value (\$)
<b>International Equities – 22.18%</b>			
<b>Argentina – 2.89%</b>			
<b>Consumer Discretionary – 2.89%</b>			
MercadoLibre Inc.	312	285,870	255,771
		285,870	255,771
<b>Total Argentina Equities – 2.89%</b>		285,870	255,771
<b>Belgium – 1.88%</b>			
<b>Consumer Staples – 1.88%</b>			
Anheuser-Busch InBev SA	2,398	199,539	166,528
		199,539	166,528
<b>Total Belgium Equities – 1.88%</b>		199,539	166,528
<b>Brazil – 2.06%</b>			
<b>Information Technology – 2.06%</b>			
Pagueuro Digital Ltd.	13,845	220,288	182,490
		220,288	182,490
<b>Total Brazil Equities – 2.06%</b>		220,288	182,490
<b>France – 4.22%</b>			
<b>Consumer Discretionary – 4.22%</b>			
LVMH Moet Hennessy-Louis Vuitton SE	476	397,175	373,503
		397,175	373,503
<b>Total France Equities – 4.22%</b>		397,175	373,503
<b>Germany – 2.79%</b>			
<b>Financials – 2.79%</b>			
Deutsche Boerse AG	1,148	236,435	247,151
		236,435	247,151
<b>Total Germany Equities – 2.79%</b>		236,435	247,151
<b>Israel – 2.18%</b>			
<b>Information Technology – 2.18%</b>			
Wix.com Ltd.	2,292	174,126	193,390
		174,126	193,390
<b>Total Israel Equities – 2.18%</b>		174,126	193,390
<b>Japan – 2.49%</b>			
<b>Financials – 2.49%</b>			
Japan Exchange Group Inc.	11,900	377,721	221,050
		377,721	221,050
<b>Total Japan Equities – 2.49%</b>		377,721	221,050
<b>Netherlands – 1.77%</b>			
<b>Consumer Staples – 1.77%</b>			
Heineken NV	1,334	180,981	156,554
		180,981	156,554
<b>Total Netherlands Equities – 1.77%</b>		180,981	156,554
<b>Singapore – 1.90%</b>			
<b>Communication Services – 1.90%</b>			
Sea Ltd.	1,960	199,888	168,682
		199,888	168,682
<b>Total Singapore Equities – 1.90%</b>		199,888	168,682
<b>Total International Equities – 22.18%</b>		2,272,023	1,965,119
<b>Total Equities – 87.64%</b>		9,257,437	7,765,381
<b>Transaction Costs (note 9)</b>		(33,920)	–
<b>Total Investments – 87.64%</b>		9,223,517	7,765,381
<b>Options (Schedule 1) – 2.92%</b>			259,113
<b>Foreign Exchange Options (Schedule 2) – 2.35%</b>			207,998
<b>Cash and Cash Equivalents – 10.91%</b>			966,216
<b>Other Assets, Less Liabilities – (3.82)%</b>			(338,412)
<b>Net Assets – 100.00%</b>			<b>8,860,296</b>

The accompanying notes are an integral part of the financial statements.

**SCHEDULE OF INVESTMENTS (unaudited) (continued)**

As at June 30, 2022

**SCHEDULE 1 - OPTIONS**

As at June 30, 2022

Purchased Put Options USD	Number of Contracts	Strike Price (USD)	Expiry Date	Premium Received (CAD)	Fair Value (CAD)
Invesco QQQ Trust, Series '1'	300	278.00	2022-07-02	58,468	63,716
Invesco QQQ Trust, Series '1'	600	272.00	2022-07-09	198,703	195,397
				257,171	259,113
				257,171	259,113

**SCHEDULE 2 - FOREIGN EXCHANGE OPTIONS**

As at June 30, 2022

	Number of Contracts	Strike Price (USD)	Expiry Date	Premium Paid (CAD)	Fair Value (CAD)
CADC USDP	15,000,000	1.25	2023-01-21	291,612	207,998
				291,612	207,998

**NOTES TO THE FINANCIAL STATEMENTS - SPECIFIC INFORMATION -  
BLACK DIAMOND GLOBAL ENHANCED INCOME FUND (unaudited)**

**A) INVESTMENT OBJECTIVES (NOTE 2)**

Black Diamond Global Enhanced Income Fund's (the Fund) investment objectives are to provide unitholders with income, and the potential for long-term capital growth, by investing primarily in equity securities, derivative instruments, fixed-income and/or income-oriented securities anywhere in the world.

**B) REDEEMABLE PARTICIPATING UNITS (NOTE 4)**

Changes in outstanding units during the periods ended June 30, 2022 and December 31, 2021 are summarized as follows:

	Number of Units	
	Class A Units	Class F Units
Outstanding, December 31, 2020	217,135	1,197,562
Issued	54,650	1,716,955
Reinvested	5,478	59,976
Redeemed	(104,426)	(271,610)
Outstanding, December 31, 2021	172,837	2,702,883
Issued	-	42,146
Reinvested	1,554	13,583
Redeemed	(122,804)	(2,305,136)
Outstanding, June 30, 2022	51,587	453,476

**C) MANAGEMENT FEES, SERVICE FEES AND OTHER EXPENSES (NOTE 5)**

Annual Management Fee  
(% of Net Asset Value of each unit)

Class	Management Fee
Class A Units*	1.95%
Class F Units	0.95%

\* Includes a service fee at an annual rate of 1.00% of the daily average Net Asset Value of the Class A Units.

**D) FAIR VALUE INVESTMENTS (NOTE 10)**

The following inputs were used in valuing the Fund's investments and derivatives at fair values as at June 30, 2022:

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
<b>Financial assets</b>				
Equities	7,765,381	-	-	7,765,381
Options	259,113	207,998	-	467,111
<b>Total financial assets</b>	<b>8,024,494</b>	<b>207,998</b>	<b>-</b>	<b>8,232,492</b>
<b>Total financial assets and liabilities</b>	<b>8,024,494</b>	<b>207,998</b>	<b>-</b>	<b>8,232,492</b>

The following inputs were used in valuing the Fund's investments and derivatives at fair values as at December 31, 2021:

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
<b>Financial assets</b>				
Bonds	-	2,259,099	-	2,259,099
Funds	7,468,022	-	-	7,468,022
Equities	33,417,411	-	-	33,417,411
Options	467,019	5	-	467,024
<b>Total financial assets</b>	<b>41,352,452</b>	<b>2,259,104</b>	<b>-</b>	<b>43,611,556</b>
<b>Financial liabilities</b>				
Options	85,672	-	-	85,672
<b>Total financial liabilities</b>	<b>85,672</b>	<b>-</b>	<b>-</b>	<b>85,672</b>
<b>Total financial assets and liabilities</b>	<b>41,266,780</b>	<b>2,259,104</b>	<b>-</b>	<b>43,525,884</b>

The following table reconciles the Fund's Level 3 fair value measurements for the periods ended June 30, 2022 and December 31, 2021:

	2022 (\$)	2021 (\$)
Beginning of period	-	1,781
Acquisitions	-	-
Net transfers	-	(1,781)
<b>End of period</b>	<b>-</b>	<b>-</b>

**E) FINANCIAL RISKS (NOTE 11)**

**Market price risk**

If equity prices for these securities had increased or decreased by 5% as at June 30, 2022, with all other variables held constant, the Fund's net assets would have increased or decreased, respectively, by approximately \$0.4 million (December 31, 2021 - \$1.7 million). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

**Interest rate risk**

Interest rate risk arises from interest-bearing financial instruments where the values of those instruments fluctuate due to changes in market interest rates.

The table below summarizes the Fund's exposure to interest rate risk by remaining term to maturity as at June 30, 2022 and December 31, 2021.

Maturity	June 30, 2022		December 31, 2021	
	\$	%	\$	%
3 to 5 years	-	-	761,497	33.7
Greater than 5 years	-	-	1,497,602	66.3
<b>Total Exposure</b>	<b>-</b>	<b>-</b>	<b>2,259,099</b>	<b>100.0</b>

**NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION –  
BLACK DIAMOND GLOBAL ENHANCED INCOME FUND (unaudited) (continued)**

**Currency risk**

The table below summarizes the Fund’s direct exposure to foreign currencies as at June 30, 2022, including the fair value of currency forward contracts that are used to hedge the foreign currency risk:

Currency	Fair Value Excluding Currency Forward Contracts (\$)	Currency Forward Contracts (\$)	Net Currency Exposure (\$)	% of Net Assets
Euro	780,525	–	780,525	8.8
Hong Kong Dollar	13,732	–	13,732	0.2
Japanese Yen	225,464	–	225,464	2.5
Swedish Krona	1,705	–	1,705	0.0
United States Dollar	7,553,298	–	7,553,298	85.3
<b>Net exposure</b>	<b>8,574,724</b>	<b>–</b>	<b>8,574,724</b>	<b>96.8</b>

The table below summarizes the Fund’s direct exposure to foreign currencies as at December 31, 2021, including the fair value of currency forward contracts that are used to hedge the foreign currency risk:

Currency	Fair Value Excluding Currency Forward Contracts (\$)	Currency Forward Contracts (\$)	Net Currency Exposure (\$)	% of Net Assets
Brazilian Real	774,529	–	774,529	1.5
Euro	4,865,380	–	4,865,380	9.2
Hong Kong Dollar	1,083,603	–	1,083,603	2.1
Japanese Yen	329,507	–	329,507	0.6
Mexican Peso	822,480	–	822,480	1.6
Swedish Krona	475,765	–	475,765	0.9
United States Dollar	27,997,748	–	27,997,748	53.1
<b>Net exposure</b>	<b>36,349,012</b>	<b>–</b>	<b>36,349,012</b>	<b>69.0</b>

If the Canadian dollar weakened or strengthened by 5% as at June 30, 2022, with all other variables held constant, the Fund’s net assets would have increased or decreased, respectively, by \$0.4 million (December 31, 2021 – \$1.8 million). In practice, actual results may differ from this sensitivity analysis.

**Credit risk**

A credit risk is the risk that a counterparty to a financial instrument fails to discharge an obligation or commitment that it has entered into with the Fund. The Fund is exposed to the risk that a security issuer or counterparty will be unable to pay amounts in full when due. The Fund’s main exposure to credit risk is its trading of listed securities. The risk of default is considered minimal as all transactions are settled and paid for upon delivery using approved brokers.

As at June 30, 2022 and December 31, 2021 the Fund invested in debt instruments with the following Standard & Poor’s credit ratings:

Bond Ratings	June 30, 2022		December 31, 2021	
	% of Total Bonds	% of Net Assets	% of Total Bonds	% of Net Assets
AAA+ to AAA-	–	–	100.0	4.3
<b>Total</b>	<b>–</b>	<b>–</b>	<b>100.0</b>	<b>4.3</b>

**Portfolio concentration risk**

The Manager manages the risk through diversification and a thorough understanding of each investment in the portfolio.

**F) INCOME TAXES**

The Fund qualifies and intends to continue to qualify as a mutual fund trust under the Income Tax Act (Canada) and, accordingly, is subject to tax on its investment income, including net realized capital gains, for any tax year in which its net investment income or sufficient net realized capital gains are not paid or payable to its unitholders as at the end of its tax year. It is the intention of the Manager that all annual net investment income and sufficient net taxable capital gains will be distributed to unitholders on a tax year basis such that no Canadian income taxes are payable by the Fund. As a result thereof, no provision for income taxes is made in these financial statements.

As at December 31, 2021 and 2020, the Fund had no capital losses and no non-capital losses carry forward for income tax purposes. Capital losses may be carried forward indefinitely to be applied against future capital gains. Non-capital losses may be utilized to reduce taxable income over the twenty years following the year in which they arise.

**G) INTEREST IN UNDERLYING FUNDS**

The Fund invests in redeemable units of other investment funds (“underlying funds”) to gain exposure to the investment objectives and strategies of the underlying funds. Each underlying fund is generally financed through the capital invested by the Fund, along with other investors, which entitles unitholders to a proportionate share of the underlying fund’s net assets. The Fund does not provide additional financial or other support to the underlying funds. All underlying funds were established in and carry out their operations in Canada. The Fund’s interests in underlying funds are reported at fair value in “Investments” in its Statements of Financial Position and in its Schedule of Investments, which represents the Fund’s maximum exposure to financial loss.

The fair value of the underlying fund included in the Statements of Financial Position is as follows:

Underlying Funds	June 30, 2022		December 31, 2021	
	% of Net Assets	Ownership Interest %	% of Net Assets	Ownership Interest %
Purpose High Interest Savings ETF	–	–	14.2	0.4



## INTERIM FINANCIAL STATEMENTS (unaudited)

STATEMENTS OF FINANCIAL POSITION  
(unaudited)

As at:

	June 30, 2022 (\$)	December 31, 2021 (\$)
<b>Assets</b>		
Investments:		
Non-derivative financial assets	34,239,917	40,392,450
Receivables:		
Dividends	9,432	105,993
Capital units sold	30,150	-
Investment securities sold	1,215,093	-
Prepaid expenses	76	-
Derivative assets:		
Options purchased at fair value	2,956,431	7,704,840
<b>Total assets</b>	<b>38,451,099</b>	<b>48,203,283</b>
<b>Liabilities</b>		
Bank overdraft	5,701,756	77,286
Margin payable to brokers	-	10,673,983
Payables:		
Management fees (note 5)	33,470	21,445
Independent review committee fees (note 5)	1,380	1,786
Other accrued liabilities (note 5)	144,318	101,820
Distributions	563	562
Capital units redeemed	47,791	22,194
Investment securities purchased	1,417,346	-
Performance fees (note 5)	-	16,965
Derivative liabilities:		
Options written at fair value	-	215,801
<b>Total liabilities</b>	<b>7,346,624</b>	<b>11,131,842</b>
<b>Net assets attributable to holders of redeemable units</b>	<b>31,104,475</b>	<b>37,071,441</b>
<b>Net assets attributable to holders of redeemable units per class</b>		
ETF Units	1,076,519	1,001,195
Class A Units	2,717,335	3,767,010
Class F Units	27,310,621	32,303,236
Total	31,104,475	37,071,441
<b>Number of units outstanding (note 4)</b>		
ETF Units	75,000	75,000
Class A Units	142,259	211,042
Class F Units	1,398,782	1,780,572
<b>Net assets attributable to holders of redeemable units per unit</b>		
ETF Units	14.35	13.35
Class A Units	19.10	17.85
Class F Units	19.52	18.14

The accompanying notes are an integral part of the financial statements.

Approved on behalf of the Board of Directors of Purpose Investments Inc.,  
as trustee and manager of Black Diamond Distressed Opportunities Fund

Som Seif  
Director  
August 29, 2022

Jeff Bouganim  
Director

STATEMENTS OF COMPREHENSIVE INCOME (unaudited)

For the periods ended:

	June 30, 2022 (\$)	June 30, 2021 (\$)
<b>Income</b>		
Net gains (losses) on investments and derivatives		
Dividend income	29,902	143,844
Net realized gain (loss) on foreign exchange transactions	(39,434)	(82,439)
Net realized gain (loss) on sale of non-derivative financial assets	(4,546,951)	5,910,241
Net realized gain (loss) on currency forward contracts	-	869
Net realized gain (loss) on options	9,995,948	(1,056,381)
Net change in unrealized appreciation (depreciation) on non-derivative financial assets	(3,595,575)	(1,403,924)
Net change in unrealized appreciation (depreciation) on options	1,031,070	326,952
Net change in unrealized appreciation (depreciation) on foreign exchange transactions	98	400
Net gains (losses) on investments and derivatives	2,875,058	3,839,562
Securities lending income <sup>2,3</sup>	3,130	3,876
Foreign exchange gain (loss) on cash	(8,873)	(4,089)
<b>Total revenue</b>	<b>2,869,315</b>	<b>3,839,349</b>
<b>Expenses</b>		
Transaction costs (note 9) <sup>1</sup>	1,860,199	330,371
Management fees (note 5)	207,967	891,392
Custodian and fund accounting fees	56,072	15,863
Interest and bank charges	54,817	10,755
Legal fees	25,047	15,936
Withholding taxes (note 7)	18,320	19,125
Audit fees	11,296	8,152
Unitholder reporting	3,323	3,215
Independent review committee fees (note 5)	2,243	496
Other expenses (note 5)	1,756	6,382
<b>Total expenses</b>	<b>2,241,040</b>	<b>1,301,687</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>	<b>628,275</b>	<b>2,537,662</b>

	June 30, 2022 (\$)	June 30, 2021 (\$)
<b>Increase (decrease) in net assets attributable to holders of redeemable units per class (note 8)</b>		
ETF Units	78,699	(16,308)
Class A Units	89,954	297,776
Class F Units	459,622	2,256,194
<b>Total</b>	<b>628,275</b>	<b>2,537,662</b>
<b>Average number of units outstanding (note 8)</b>		
ETF Units	75,000	56,750
Class A Units	173,608	245,204
Class F Units	1,651,371	1,930,682
<b>Increase (decrease) in net assets attributable to holders of redeemable units per unit (note 8)</b>		
ETF Units	1.05	(0.28)
Class A Units	0.52	1.21
Class F Units	0.28	1.17

1) Soft dollar commission 2,576 12,799

2) Securities lending:  
The value of securities loaned and collateral received from securities lending is as follows:

	June 30, 2022	June 30, 2021
Value of securities loaned	3,437,985	6,102,471
Value of collateral received	3,665,833	6,525,359

3) Securities lending income  
The table below shows a reconciliation of the gross amount generated from the securities lending transactions of the Fund to the revenue from the securities lending disclosed in the Statements of Comprehensive Income.

	June 30, 2022		June 30, 2021	
	\$	%	\$	%
Gross securities lending income	5,561	100.0	6,494	100.0
Withholding taxes	(346)	(6.2)	(34)	(0.5)
Agent fees	(2,085)	(37.5)	(2,584)	(39.8)
Securities lending income	3,130	56.3	3,876	59.7

The accompanying notes are an integral part of the financial statements.

**STATEMENTS OF CHANGES IN FINANCIAL POSITION (unaudited)**

For the periods ended:

	June 30, 2022 (\$)	June 30, 2021 (\$)
<b>ETF Units</b>		
Net assets attributable to holders of redeemable units at beginning of period	1,001,195	-
Increase (decrease) in net assets attributable to holders of redeemable units	78,699	(16,308)
<b>Redeemable unit transactions</b>		
Proceeds from issuance of redeemable units	-	1,492,171
Net increase (decrease) from redeemable unit transactions	-	1,492,171
<b>Dividends paid to shareholders of redeemable shares</b>		
From dividends	(3,375)	(1,313)
Total dividends to holders of redeemable shares	(3,375)	(1,313)
Net increase (decrease) in net assets attributable to holders of redeemable units	75,324	1,474,550
<b>Net assets attributable to holders of redeemable units at end of period</b>	<b>1,076,519</b>	<b>1,474,550</b>
<b>Class A Units</b>		
Net assets attributable to holders of redeemable units at beginning of period	3,767,010	3,988,918
Increase (decrease) in net assets attributable to holders of redeemable units	89,954	297,776
<b>Redeemable unit transactions</b>		
Proceeds from issuance of redeemable units	17,362	4,195,481
Exchange of redeemable units	(54,667)	58,525
Payments for redemption of redeemable units	(1,101,557)	(209,901)
Reinvestment of distributions	6,807	10,839
Net increase (decrease) from redeemable unit transactions	(1,132,055)	4,054,944
<b>Dividends paid to shareholders of redeemable shares</b>		
From dividends	(7,574)	(11,394)
Total dividends to holders of redeemable shares	(7,574)	(11,394)
Net increase (decrease) in net assets attributable to holders of redeemable units	(1,049,675)	4,341,326
<b>Net assets attributable to holders of redeemable units at end of period</b>	<b>2,717,335</b>	<b>8,330,244</b>
<b>Class F Units</b>		
Net assets attributable to holders of redeemable units at beginning of period	32,303,236	25,135,100
Increase (decrease) in net assets attributable to holders of redeemable units	459,622	2,256,194
<b>Redeemable unit transactions</b>		
Proceeds from issuance of redeemable units	4,901,238	48,174,580
Exchange of redeemable units	144,643	614,256
Payments for redemption of redeemable units	(10,469,816)	(1,174,130)
Reinvestment of distributions	45,201	75,562
Net increase (decrease) from redeemable unit transactions	(5,378,734)	47,690,268
<b>Dividends paid to shareholders of redeemable shares</b>		
From dividends	(73,503)	(92,335)
Total dividends to holders of redeemable shares	(73,503)	(92,335)
Net increase (decrease) in net assets attributable to holders of redeemable units	(4,992,615)	49,854,127
<b>Net assets attributable to holders of redeemable units at end of period</b>	<b>27,310,621</b>	<b>74,989,227</b>

The accompanying notes are an integral part of the financial statements.

**STATEMENTS OF CASH FLOWS (unaudited)**

For the periods ended:

	June 30, 2022 (\$)	June 30, 2021 (\$)
<b>Cash Flows from Operating Activities</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	628,275	2,537,662
Adjustments for:		
Foreign exchange loss (gain) on cash	8,873	4,089
Purchase of investments	(220,122,492)	(108,549,111)
Proceeds from sale of investments	232,034,179	54,020,082
Net realized loss (gain) on sale of non-derivative financial assets	4,546,951	(5,910,241)
Net realized loss (gain) on options	(9,995,948)	1,056,381
Net change in unrealized depreciation (appreciation) on non-derivative financial assets	3,595,575	1,403,924
Net change in unrealized depreciation (appreciation) on options	(1,031,070)	(326,952)
Net change in margin	(10,673,983)	-
Net change in non-cash working capital balances	133,638	195,473
Transaction costs (note 9)	1,860,199	330,371
	984,197	(55,238,322)
<b>Cash Flows from (used in) Financing Activities</b>		
Proceeds from redeemable units issued	4,888,450	53,704,373
Exchange of redeemable units	89,976	672,781
Payments for units redeemed	(11,545,776)	(1,246,297)
Dividends to holders, net of reinvestments	(32,444)	(18,078)
	(6,599,794)	53,112,779
Foreign exchange gain (loss) on cash	(8,873)	(4,089)
Increase (decrease) in cash and cash equivalents	(5,615,597)	(2,125,543)
Cash and cash equivalents, at beginning of period	(77,286)	2,480,211
<b>Cash and cash equivalents (bank overdraft), at end of period</b>	<b>(5,701,756)</b>	<b>350,579</b>
Dividends received (paid), net of withholding taxes	108,143	116,821

The accompanying notes are an integral part of the financial statements.

# BLACK DIAMOND DISTRESSED OPPORTUNITIES FUND

## SCHEDULE OF INVESTMENTS (unaudited)

As at June 30, 2022

Security	Number of Shares/Units/ Par Value	Average Cost (\$)	Fair Value (\$)
<b>Equities – 110.08%</b>			
<b>Canadian Equities – 4.74%</b>			
<b>Information Technology – 4.74%</b>			
Shopify Inc., Class 'A'	36,700	1,658,080	1,475,785
		1,658,080	1,475,785
<b>Total Canadian Equities – 4.74%</b>		1,658,080	1,475,785
<b>United States Equities – 70.81%</b>			
<b>Communication Services – 18.81%</b>			
ANGI Homeservices Inc.	369,911	2,972,413	2,180,764
Nextdoor Holdings Inc.	366,232	1,494,773	1,560,380
ROBLOX Corp.	18,171	628,583	768,586
Snap Inc.	79,299	1,350,530	1,340,227
		6,446,299	5,849,957
<b>Consumer Discretionary – 26.64%</b>			
F45 Training Holdings Inc.	229,421	1,796,381	1,160,571
Honest Co. Inc. (The)	395,422	1,549,562	1,486,243
Peloton Interactive Inc.	118,708	1,845,555	1,402,713
RealReal Inc. (The)	624,606	3,585,822	2,001,942
Wayfair Inc.	18,913	1,267,173	1,060,460
Wynn Resorts Ltd.	16,000	1,434,199	1,173,514
		11,478,692	8,285,443
<b>Financials – 3.73%</b>			
Open Lending Corp.	88,224	1,411,755	1,161,739
		1,411,755	1,161,739
<b>Health Care – 3.53%</b>			
23andMe Holding Co.	343,901	1,215,889	1,097,820
		1,215,889	1,097,820
<b>Information Technology – 18.10%</b>			
Affirm Holdings Inc.	24,286	690,764	564,572
Cvent Holding Corp.	232,590	1,481,993	1,383,181
MarketWise Inc.	223,780	787,672	1,036,979
Momentive Global Inc.	102,288	1,346,757	1,158,653
Porch Group Inc.	451,171	2,094,062	1,486,713
		6,401,248	5,630,098
<b>Total United States Equities – 70.81%</b>		26,953,883	22,025,057
<b>International Equities – 34.53%</b>			
<b>Brazil – 15.10%</b>			
<b>Information Technology – 15.10%</b>			
Cielo SA	820,300	651,521	758,610
Pagseguro Digital Ltd.	158,316	2,425,702	2,086,752
StoneCo Ltd.	186,809	2,460,804	1,851,546
		5,538,027	4,696,908
<b>Total Brazil Equities – 15.10%</b>		5,538,027	4,696,908
<b>China – 0.24%</b>			
<b>Communication Services – 0.24%</b>			
China Tower Corp. Ltd.	440,000	83,390	72,900
		83,390	72,900
<b>Total China Equities – 0.24%</b>		83,390	72,900

Security	Number of Shares/Units/ Par Value	Average Cost (\$)	Fair Value (\$)
<b>Germany – 0.34%</b>			
<b>Industrials – 0.34%</b>			
Krones AG	1,081	98,847	106,156
		98,847	106,156
<b>Total Germany Equities – 0.34%</b>		98,847	106,156
<b>Israel – 3.27%</b>			
<b>Information Technology – 3.27%</b>			
Riskified Ltd.	177,945	1,168,314	1,016,986
		1,168,314	1,016,986
<b>Total Israel Equities – 3.27%</b>		1,168,314	1,016,986
<b>Spain – 1.17%</b>			
<b>Industrials – 1.17%</b>			
Aena SME SA	2,222	474,116	363,424
		474,116	363,424
<b>Total Spain Equities – 1.17%</b>		474,116	363,424
<b>Sweden – 3.97%</b>			
<b>Consumer Staples – 3.97%</b>			
Oatly Group AB	277,433	1,145,146	1,235,607
		1,145,146	1,235,607
<b>Total Sweden Equities – 3.97%</b>		1,145,146	1,235,607
<b>Switzerland – 3.64%</b>			
<b>Consumer Discretionary – 3.64%</b>			
Dufry AG	27,241	2,006,438	1,133,498
		2,006,438	1,133,498
<b>Total Switzerland Equities – 3.64%</b>		2,006,438	1,133,498
<b>United Kingdom – 6.80%</b>			
<b>Communication Services – 2.75%</b>			
Manchester United PLC	59,644	1,072,528	853,724
		1,072,528	853,724
<b>Consumer Discretionary – 4.05%</b>			
Johnson Service Group PLC	807,278	1,946,179	1,259,872
		1,946,179	1,259,872
<b>Total United Kingdom Equities – 6.80%</b>		3,018,707	2,113,596
<b>Total International Equities – 34.53%</b>		13,532,985	10,739,075
<b>Total Equities – 110.08%</b>		42,144,948	34,239,917
<b>Transaction Costs (note 9)</b>		(211,733)	–
<b>Total Investments – 110.08%</b>		41,933,215	34,239,917
<b>Options (Schedule 1) – 7.95%</b>			2,471,102
<b>Foreign Exchange Options (Schedule 2) – 1.56%</b>			485,329
<b>Cash and Cash Equivalents – (18.33)%</b>			(5,701,756)
<b>Other Assets, Less Liabilities – (1.26)%</b>			(390,117)
<b>Net Assets – 100.00%</b>			<b>31,104,475</b>

The accompanying notes are an integral part of the financial statements.

**SCHEDULE OF INVESTMENTS (unaudited) (continued)**

As at June 30, 2022

**SCHEDULE 1 - OPTIONS**

As at June 30, 2022

Purchased Put Options USD	Number of Contracts	Strike Price (USD)	Expiry Date	Premium Received (CAD)	Fair Value (CAD)
Invesco QQQ Trust, Series '1'	2,000	278.00	2022-07-02	389,788	424,776
Invesco QQQ Trust, Series '1'	3,000	272.00	2022-07-09	993,513	976,985
				1,383,301	1,401,761

Purchased Call Options USD	Number of Contracts	Strike Price (USD)	Expiry Date	Premium Received (CAD)	Fair Value (CAD)
Anheuser-Busch InBev SA	1,500	55.00	2023-01-21	2,227,823	965,400
Etsy Inc.	300	120.00	2022-09-17	535,155	42,864
Paypal Holdings Inc.	450	105.00	2022-07-16	347,212	2,896
Stoneco Ltd.	1,000	20.00	2022-07-16	453,267	3,861
Wynn Resorts Ltd.	400	100.00	2023-01-21	287,328	54,320
				3,850,785	1,069,341
				5,234,086	2,471,102

**SCHEDULE 2 - FOREIGN EXCHANGE OPTIONS**

As at June 30, 2022

	Number of Contracts	Strike Price (USD)	Expiry Date	Premium Paid (CAD)	Fair Value (CAD)
CADC USDP	35,000,000	1.25	2023-01-21	680,428	485,329
				680,428	485,329

**NOTES TO THE FINANCIAL STATEMENTS - SPECIFIC INFORMATION - BLACK DIAMOND DISTRESSED OPPORTUNITIES FUND (unaudited)**

**A) INVESTMENT OBJECTIVES (NOTE 2)**

Black Diamond Distressed Opportunities Fund's (the "Fund") investment objectives are to provide unitholders with long-term capital growth. The Fund will focus on distressed investment opportunities and, specifically, securities which appear to be trading below their estimated intrinsic value. The Fund will achieve its investment objectives by investing in a broad range of foreign equities, domestic equities and fixed income securities. The Fund may also invest in other types of securities of fixed income securities, including convertible and high-yield bonds and government securities of emerging or other countries.

The Fund will use leverage. The leverage may be created through the use of cash borrowings, short sales or derivative contracts. The Fund's leverage shall not exceed the limits on the use of leverage described in the "Investment Strategies" section in this Simplified Prospectus or as otherwise permitted under applicable securities legislation.

The Fund will not change its fundamental investment objectives unless the consent of a majority of the Fund's unitholders has been obtained.

**B) REDEEMABLE PARTICIPATING UNITS (NOTE 4)**

Changes in outstanding units during the periods ended June 30, 2022 and December 31, 2021 are summarized as follows:

	Number of Units		
	ETF Units	Class A Units	Class F Units
Outstanding, December 31, 2020	-	163,104	1,019,631
Issued	75,000	185,101	2,112,109
Reinvested	-	1,027	6,635
Redeemed	-	(138,190)	(1,357,803)
Outstanding, December 31, 2021	75,000	211,042	1,780,572
Issued	-	1,834	252,589
Reinvested	-	391	2,554
Redeemed	-	(71,008)	(636,933)
Outstanding, June 30, 2022	75,000	142,259	1,398,782

**C) MANAGEMENT FEES, SERVICE FEES AND OTHER EXPENSES (NOTE 5)**

Annual Management Fee (% of Net Asset Value of each unit)

Class	Management Fee
ETF Units	1.00%
Class A Units*	2.00%
Class F Units	1.00%

\* Includes a service fee at an annual rate of 1.00% of the daily average Net Asset Value of the Class A Units.

**D) FAIR VALUE INVESTMENTS (NOTE 10)**

The following inputs were used in valuing the Fund's investments and derivatives at fair values as at June 30, 2022:

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
<b>Financial assets</b>				
Equities	34,239,917	-	-	34,239,917
Options	2,471,102	485,329	-	2,956,431
<b>Total financial assets</b>	<b>36,711,019</b>	<b>485,329</b>	<b>-</b>	<b>37,196,348</b>
<b>Total financial assets and liabilities</b>	<b>36,711,019</b>	<b>485,329</b>	<b>-</b>	<b>37,196,348</b>

The following inputs were used in valuing the Fund's investments and derivatives at fair values as at December 31, 2021:

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
<b>Financial assets</b>				
Equities	40,392,450	-	-	40,392,450
Options	7,704,823	17	-	7,704,840
<b>Total financial assets</b>	<b>48,097,273</b>	<b>17</b>	<b>-</b>	<b>48,097,290</b>
<b>Financial liabilities</b>				
Options	215,801	-	-	215,801
<b>Total financial liabilities</b>	<b>215,801</b>	<b>-</b>	<b>-</b>	<b>215,801</b>
<b>Total financial assets and liabilities</b>	<b>47,881,472</b>	<b>17</b>	<b>-</b>	<b>47,881,489</b>

During the periods ended June 30, 2022 and December 31, 2021 there were no transfers of assets between Level 1, Level 2 and Level 3.

**E) FINANCIAL RISKS (NOTE 11)**

**Market price risk**

If equity prices for these securities had increased or decreased by 5% as at June 30, 2022, with all other variables held constant, the Fund's net assets would have increased or decreased, respectively, by approximately \$1.7million (December 31, 2021 - \$2.0 million). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

**Interest rate risk**

As at June 30, 2022 and December 31, 2021, the Fund was indirectly invested in debt instruments through its investments in exchange traded funds and is therefore exposed to interest risk. Further information about these exchange traded funds is available at [www.sedar.com](http://www.sedar.com).

**Currency risk**

The table below summarizes the Fund's direct exposure to foreign currencies as at June 30, 2022, including the fair value of currency forward contracts that are used to hedge the foreign currency risk:

Currency	Fair Value Excluding Currency Forward Contracts (\$)	Currency Forward Contracts (\$)	Net Currency Exposure (\$)	% of Net Assets
Brazilian Real	1,283,431	-	1,283,431	4.1
British Pound	1,259,871	-	1,259,871	4.2
Euro	480,209	-	480,209	1.5
Hong Kong Dollar	74,912	-	74,912	0.2
Swiss Franc	1,133,498	-	1,133,498	3.6
United States Dollar	26,842,861	-	26,842,861	86.3
<b>Net exposure</b>	<b>31,074,782</b>	<b>-</b>	<b>31,074,782</b>	<b>99.9</b>

**NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION –  
BLACK DIAMOND DISTRESSED OPPORTUNITIES FUND (unaudited) (continued)**

The table below summarizes the Fund's direct exposure to foreign currencies as at December 31, 2021, including the fair value of currency forward contracts that are used to hedge the foreign currency risk:

Currency	Fair Value Excluding Currency Forward Contracts (\$)	Currency Forward Contracts (\$)	Net Currency Exposure (\$)	% of Net Assets
Brazilian Real	2,602,282	–	2,602,282	7.0
British Pound	3,736,190	–	3,736,190	10.1
Euro	7,625,336	–	7,625,336	20.6
Hong Kong Dollar	1,406,381	–	1,406,381	3.8
Mexican Peso	1,719,529	–	1,719,529	4.6
Swiss Franc	1,707,101	–	1,707,101	4.6
United States Dollar	25,399,621	–	25,399,621	68.5
<b>Net exposure</b>	<b>44,196,440</b>	<b>–</b>	<b>44,196,440</b>	<b>119.2</b>

If the Canadian dollar weakened or strengthened by 5% as at June 30, 2022, with all other variables held constant, the Fund's net assets would have increased or decreased, respectively, by \$1.6 million (December 31, 2021 – \$2.2 million). In practice, actual results may differ from this sensitivity analysis.

**Portfolio concentration risk**

The Manager manages the risk through diversification and a thorough understanding of each investment in the portfolio.

**F) INCOME TAXES**

The Fund qualifies and intends to continue to qualify as a mutual fund trust under the Income Tax Act (Canada) and, accordingly, is subject to tax on its investment income, including net realized capital gains, for any tax year in which its net investment income or sufficient net realized capital gains are not paid or payable to its unitholders as at the end of its tax year. It is the intention of the Manager that all annual net investment income and sufficient net taxable capital gains will be distributed to unitholders on a tax year basis such that no Canadian income taxes are payable by the Fund. As a result thereof, no provision for income taxes is made in these financial statements.

As at December 31, 2021, the Fund had capital losses carry forward of \$1,742 (2020 – \$nil) and had non-capital losses carry forward of \$824,401 (2020 – \$323,461) for income tax purposes. Capital losses may be carried forward indefinitely to be applied against future capital gains. Non-capital losses may be utilized to reduce taxable income over the twenty years following the year in which they arise.

## NOTES TO THE FINANCIAL STATEMENTS (unaudited)

### 1. THE FUNDS

Black Diamond Global Equity Fund, Black Diamond Global Enhanced Income Fund, and Black Diamond Distressed Opportunities Fund (collectively the “Funds”, and individually a “Fund”) are investment funds established by declaration of trust under the laws of the Province of Ontario.

The manager of the Funds is Purpose Investments Inc. (the “Manager” or “Purpose”). The registered office of the Funds is located at 130 Adelaide Street, Suite 3100, Toronto, Ontario, M5H 3P5.

Units of the Funds were qualified for distribution effective September 29, 2020, pursuant to a simplified prospectus. Date of commencement of operations of each Fund is as follows:

Black Diamond Global Equity Fund	October 15, 2020
Black Diamond Global Enhanced Income Fund	October 15, 2020
Black Diamond Distressed Opportunities Fund	October 15, 2020

Each Fund’s financial statements include the *Schedule of Investments* at June 30, 2022 and the *Statements of Financial Position* at June 30, 2022 and December 31, 2021, the *Statements of Comprehensive Income*, *Statements of Changes in Financial Position* and *Statements of Cash Flows* for the periods ended June 30, 2022 and 2021 (the “financial statements”).

These financial statements were authorized by Purpose on August 29, 2022.

### 2. INVESTMENT OBJECTIVES

The purpose of each Fund is to invest the assets attributable to that Fund in accordance with the investment objectives attributable to that Fund. The investment objectives for each Fund are set out in Note A in the Specific Information for each Fund.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The financial statements have been prepared on a going concern basis using the historical cost convention. However, each Fund is an investment entity and primarily all financial assets and financial liabilities are measured at fair value in accordance with IFRS. Accordingly, the Funds’ 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.

In applying IFRS, management may make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses during the reporting periods. Actual results may differ from such estimates. The preparation of the Funds’ financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognized in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Purpose has concluded that the Funds met the additional characteristics of an investment entity within IFRS 10, *Consolidated Financial Statements*.

The financial statements have been presented in Canadian dollars, which is the Funds’ functional currency.

#### FINANCIAL INSTRUMENTS

Financial instruments include financial assets and liabilities such as debt and equity securities, open-ended investment funds and derivatives. The Funds classify and measure financial instruments in accordance with IFRS 9, *Financial Instruments* (“IFRS 9”). Upon initial recognition, financial instruments are classified as fair value through profit or loss (“FVTPL”). All financial instruments

are recognized in the Statements of Financial Position when the Funds become a party to the contractual requirements of the instrument. Financial assets are derecognized when the right to receive cash flows from the instrument has expired or the Funds have transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation is discharged, cancelled and expires. As such, investment purchase and sale transactions are recorded as of the trade date. Financial instruments are subsequently measured at FVTPL with changes in fair value recognized in the Statements of Comprehensive Income – Net unrealized gain (loss).

#### Cash and cash equivalents

Cash and cash equivalents are comprised of cash and short-term investments.

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Funds include in this category amounts relating to receivables in respect of amounts receivable for portfolio securities sold and other short-term receivables.

#### Other financial liabilities

This category includes all financial liabilities, other than those classified as fair value through profit or loss. The Funds include in this category amounts relating to payables in respect of amounts payable for portfolio securities purchased and other accrued liabilities.

A financial asset or a financial liability is recognized when the Funds become a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognized on the trade date.

Premiums received from writing options are included in derivative liabilities and subsequently measured at fair value on the Statements of Financial Position as initial reductions in the value of investments. Premiums received from writing options that expire unexercised are recorded as realized gains and reported as Net gain (loss) on sale of investments and derivatives on the Statements of Comprehensive Income. For a closing transaction, if the cost of closing the transaction exceeds the premium received, the Funds will record a realized loss or, if the premium received at the time the option was written is greater than the amount paid, the Funds will record a realized gain and are reported as Net gain (loss) on sale of investments and derivatives. If a written put option is exercised, the cost for the security delivered is reduced by the premiums received at the time the option was written.

#### Valuation of financial instruments

Financial assets and financial liabilities at fair value through profit or loss are recorded in the Statements of Financial Position at fair value upon initial recognition. All transaction costs such as brokerage commissions, incurred in the purchase and sale of securities for such instruments are recognized directly in profit or loss.

After initial measurement, the Funds measure financial instruments that are classified as fair value through profit or loss, at fair value. Subsequent changes in the fair value of those financial instruments are recorded in unrealized appreciation (depreciation) on investments. The applicable period change in unrealized appreciation (depreciation) of investments is included on the Statements of Comprehensive Income. The average cost of portfolio investments represents the sum of the average cost of each portfolio investment. For the purposes of determining the average cost of each portfolio investment, the purchase price of the portfolio investment acquired by a Fund is added to the average cost of the particular portfolio investment immediately prior to the purchase. The average cost of a portfolio investment is reduced by the number of shares or units sold multiplied by the average cost of the portfolio investment at the time of the sale. The average cost per share or unit of each portfolio investment sold is determined by dividing the average cost of the portfolio investment by the number of shares or units held immediately prior to the sale transaction. Transaction costs incurred in portfolio transactions are excluded from the average cost of investments and are recognized immediately



**NOTES TO THE FINANCIAL STATEMENTS (unaudited) (continued)**

in net income and are presented as a separate expense item in the financial statements. Realized gains and losses from the sale of portfolio investments are also calculated based on the average costs, excluding transaction costs, of the related investment.

Loans and receivables, and other assets and liabilities (other than those classified as fair value through profit or loss) are measured at amortized cost.

The Funds' obligation for net assets attributable to holders of redeemable units is presented at the redemption amount before discount.

The Funds measure their financial instruments, such as equities, bonds and other interest-bearing investments and derivatives, at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability.

The fair values of each specific type of investment and derivative are determined in the following manner:

**Portfolio Investments**

Portfolio investments listed on recognized public securities exchanges are valued using their last traded market price on the securities exchange when the price falls within the day's bid-ask spread. In the circumstance when the close or last traded price falls outside of the bid-ask spread, then fair value is determined by using bid price for long positions and ask price for short positions or a different point within the bid-ask spread that management determines to be more representative of fair value.

**Derivatives**

Derivative instruments are financial contracts that derive their value from underlying changes in equity prices, interest rates, foreign exchange rates or other financial or commodity prices or indices. Derivative instruments are either regulated exchange-traded contracts or negotiated over-the-counter contracts. The Funds may use these instruments for trading purposes, as well to manage the Funds' risk exposure.

Derivatives are measured at fair value. Realized and unrealized gains and losses are recorded in the Statements of Comprehensive Income.

**Valuation of currency forward contracts**

The Funds may enter into currency forward contracts for hedging purposes or to establish an exposure to a particular currency. Currency forward contracts are valued based on the difference between the contract forward rate and the forward bid rate (for currency held) or the forward ask rate (for currency sold short) on the valuation date. Upon the closing of a contract, the gain or loss is included in the Statements of Comprehensive Income.

**Valuation of future contracts**

The margin deposits with brokers relating to futures contracts are included in cash held at broker for margin on the Statements of Financial Position. Any change in the margin requirement is settled daily and is included in cash held at broker for margin on the Statements of Financial Position.

Any difference between the settlement value at the close of business on each valuation date and the settlement value at the close of business on the previous valuation date is recorded as net change in unrealized appreciation (depreciation) in value of futures contracts on the Statements of Comprehensive Income.

**Valuation of Options**

When any option is written by any Fund, the premium received by that Fund will be reflected as a liability that will be valued at an amount equal to the current fair value of the option that would have the effect of closing the position. Any difference resulting from revaluation shall be treated as an unrealized gain or loss on investment; the liability shall be deducted in arriving at the net assets attributable to holders of redeemable units of the Funds. The securities that are the subject of a written option, if any, will be valued in the manner described above for listed securities.

**Valuation of Margin**

Margin paid or deposited in respect of futures contracts and forward contracts will be reflected as cash.

Other derivatives and margin are fair valued in a manner that the Manager determines to represent their fair value.

**Valuation of Warrants**

Unlisted warrants are valued using the Intrinsic Valuation Method.

**Other financial assets and liabilities**

All trade receivables and other accounts receivable are designated as receivables. They are recorded at amortized cost, which approximates their fair value. Similarly, all trade payables and accrued expenses are designated as financial liabilities and are recorded at amortized cost, which approximates their fair value.

**INCOME RECOGNITION****Interest income for distribution purposes**

The interest income for distribution purposes shown on the Statements of Comprehensive Income represents the interest received by the Funds accounted for on an accrual basis. The Funds do not amortize premiums paid or discounts received on the purchase of fixed income securities except for zero coupon bonds which are amortized on a straight-line basis. The interest income for distribution purposes is the tax basis of calculating the interest received and which is subject to tax.

**Dividend revenue**

Dividend revenue is recognized when the Funds' right to receive the payment is established. Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the Statements of Comprehensive Income.

**Securities lending**

The Funds may lend portfolio securities in order to earn additional revenue from fees paid by the counterparty, which is included on the Statements of Comprehensive Income. These transactions involve the temporary exchange of qualified securities as collateral with a commitment to deliver the same securities on a future date.

The market value of the loaned securities is determined on the close of any valuation date and any additional required collateral is delivered to the Funds on the next business day. The securities on loan continue to be included on the Schedule of Investments and are included in the total value on the Statements of Financial Position in investments at fair value.

The Funds may engage in securities lending transactions. The credit risk related to securities lending transactions is limited by the fact that the value of the securities held as collateral by the Funds in connection with these transactions is at least 105% of the fair value of the securities loaned. The collateral and loaned securities are marked to market on each business day. The securities lending agent of the Funds is CIBC Mellon Trust Company. Further information regarding the collateral and securities on loan can be found in the footnotes to the Statements of Comprehensive Income.

**FOREIGN CURRENCY TRANSLATIONS**

Transactions during the year, including purchases and sales of securities, income and expenses, are translated into Canadian dollars at the rate of exchange prevailing on the date of the transaction. Assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange at the reporting date.

Foreign currency transaction gains and losses on financial instruments classified as fair value through profit or loss are included in profit or loss in the Statements of Comprehensive Income as part of the "net change unrealized appreciation (depreciation) in the value of investments and derivatives".

**NOTES TO THE FINANCIAL STATEMENTS (unaudited) (continued)****CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are discussed below. The Funds based the assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Funds. Such changes are reflected in the assumptions when they occur.

**Fair value of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the Statements of Financial Position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statements of Financial Position and the level where the instruments are disclosed in the fair value hierarchy. The models are tested for validity by calibrating to prices from any observable current market transactions in the same instrument (without modification or repackaging) when available.

**Classification and measurement of investments and application of the fair value option**

In classifying and measuring financial instruments held by the Funds, Purpose is required to make significant judgements in order to determine the most appropriate classification in accordance with IFRS 9. Purpose has assessed the Funds' business models, the manner in which all financial instruments are managed and performance evaluated as a group on a fair value basis, and concluded that FVTPL in accordance with IFRS 9 provides the most appropriate measurement and presentation of the Funds' financial instruments.

**TAXES**

Uncertainties exist with respect to the interpretation of complex tax regulations and changes in tax laws on foreign withholding tax. Given the wide range of international investments, differences arising between the actual investment income and the assumptions made, or future changes to such assumptions could necessitate future adjustments to tax expense already recorded. The Funds establish provisions, based on reasonable estimate for possible consequences of audits by the tax authorities of the respective countries in which they invest. The amounts of such provisions are based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective investment's domicile. As the Funds assess the probability for litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognized.

**4. REDEEMABLE PARTICIPATING UNITS**

The Funds are authorized to issue an unlimited number of classes of units and an unlimited number of units of each class. The units are redeemable and transferable. Each unit of a class entitles the holder to the same rights and privileges in relation to any other unitholder of that class, subject to the terms and conditions of the declaration of trust. Unitholders are entitled to vote at all meetings of all unitholders and at all meetings of unitholders of the same class as the units held. All classes of units rank equally with respect to the payment of distributions. The realized and unrealized gains or losses and income and common expenses of the Funds are allocated on each valuation date to the unitholders in proportion to the respective prior day net asset value of each class of units at the date on which the allocation is made. All class specific expenses do not require an allocation.

**5. MANAGEMENT FEES, SERVICE FEES, PERFORMANCE FEES AND OTHER EXPENSES****MANAGEMENT FEES**

Each Fund pays the Manager a management fee based on the average daily net asset value of the units of the applicable classes. The management fee, plus applicable HST, is accrued daily and paid monthly in arrears. The Manager may, from time to time in its discretion, waive all or a portion of the management fee charged at any given time. Each Fund is responsible for paying additional expenses: the costs and expenses incurred in complying with NI 81-107 (including any expenses related to the implementation and on-going operation of an independent review committee), transfer agent fees and expenses, brokerage expenses and commissions, income and withholding taxes as well as all other applicable taxes, including HST, bank charges and interest expenses, the costs of complying with any new governmental or regulatory requirement introduced after each Fund was established and extraordinary expenses including any costs associated with the printing and distribution of any documents that the securities regulatory authorities require be sent or delivered to investors in a Fund.

The Funds can invest in underlying funds managed by the Manager or an affiliate of the Manager or by third parties in which case the Manager cannot charge management fees to both the Funds and the underlying funds where that would result in the duplication of a fee for the same services.

**OPERATING EXPENSES**

Each Fund pays all its own operating expenses. These include but are not limited to brokerage commissions and fees, taxes, audit fees, legal fees and expenses, safekeeping, registrar and transfer agent fees, trustee and custodial fees, interest expenses, administrative costs, regulatory participation fees, investor servicing costs and costs of financial and other reports to investors, as well as prospectuses. Each Fund also pays the costs and any expenses related to the IRC. The compensation and other expenses of the IRC, including the costs of complying with NI 81-107, are paid pro rata by the Funds and the other investment funds managed by the manager or its affiliates for which the IRC acts as the independent review committee. Operating expenses and other costs of the Funds are subject to applicable taxes. The Funds' share of the IRC's compensation will be disclosed in the Funds' financial statements.

**PERFORMANCE FEES**

Each class of a Fund will pay to Purpose in respect of each calendar year of the Fund a performance bonus per Unit equal to the percentage stated below of the amount by which the Adjusted NAV per Unit at the end of the fiscal year exceeds the highest year end Adjusted Net Asset Value per Unit previously achieved.

For these purposes, "Adjusted NAV per Unit" of any class of units of a Fund means the Net Asset Value per Unit of that class at the end of a fiscal year without giving effect to the accrual of any Performance Bonus, plus the aggregate amount of all distributions previously declared on a per Unit basis in respect of such class of Unit. The Performance Bonus for a Fund will be calculated and accrued each day the NAV of the Fund is calculated, but will only be payable following the end of the fiscal year of the Fund based on the actual annual performance of the Fund.

Notwithstanding the foregoing, no Performance Bonus will be payable with respect to any fiscal year of a Fund unless the Adjusted Net Asset Value per Unit of the Fund at the end of such fiscal year exceeds the NAV per Unit at the end of the preceding year (or on the date the units are first issued), plus the aggregate amount of all distributions previously declared on a per Unit basis, by a minimum percentage as stated below, and as applicable (the "Hurdle Rate").

If any units of a Fund are purchased during the calendar year, the Hurdle Rate will be prorated in the calculation of the Performance Bonus with respect to those units, in the same manner as described above.

If any units of a Fund are redeemed prior to the end of a calendar year, a Performance Bonus will be payable on the redemption date in respect of each

## NOTES TO THE FINANCIAL STATEMENTS (unaudited) (continued)

such Unit in the same manner as described above. For greater certainty, the Hurdle Rate will be prorated in the calculation of the Performance Bonus on a Unit redeemed during the calendar year.

	Performance Bonus	Hurdle Rate
Black Diamond Global Equity Fund	10%	8%
Black Diamond Distressed Opportunities Fund	20%	0%

### 6. INTERESTS IN UNDERLYING FUNDS

The Funds may invest in other investment funds ("underlying funds").

Where applicable, a Fund's interests in underlying funds are reported in its Schedule of Investment Portfolio at fair value, which represent the Funds' maximum exposure on these investments. Investment income earned from underlying funds is included in net gains on investments in the Statements of Comprehensive Income. The Funds do not provide any additional significant financial or other support to underlying funds.

The interest in underlying funds is included in the Fund-Specific Notes.

### 7. INCOME TAXES AND WITHHOLDING TAXES

The Funds qualify and intend to continue to qualify as mutual fund trusts under the Income Tax Act (Canada) and, accordingly, are subject to tax on its investment income, including net realized capital gains, for any tax year in which their net investment income or sufficient net realized capital gains are not paid or payable to the unitholders as at the end of its tax year. It is the intention of the Manager that all annual net investment income and sufficient net taxable capital gains will be distributed to unitholders on a tax year basis such that no Canadian income taxes are payable by the Funds. As a result thereof, no provision for income taxes is made in these financial statements.

The income tax losses for each specific Fund is included in the Fund-Specific Notes.

The Funds may incur withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the Statements of Comprehensive Income.

### 8. INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT

Increase (decrease) in net assets from operations attributable to holders of redeemable units per unit of each class is calculated by dividing the Increase (decrease) in net assets attributable to holders of redeemable units from operations (excluding distributions), as reported in the Statements of Comprehensive Income, by the weighted average number of units in issue during the related period.

### 9. BROKERAGE COMMISSIONS

The Investment Sub-Advisor makes decisions, including the selection of markets and dealers and the negotiation of commissions, with respect to the purchase and sale of portfolio securities, certain derivative products (including futures) and the execution of portfolio transactions. Commissions paid to brokers in connection with portfolio transactions are included in transaction costs in the Funds' Statements of Comprehensive Income. Brokerage business is allocated based on which broker can deliver to the Funds the best trade execution.

Soft dollar arrangements are when trades are allocated to brokers that provide or pay for, in addition to transaction execution, investment research, statistical or other similar services. Any soft dollar commissions are identified in the referenced footnote on the Statements of Comprehensive Income and refer to amounts paid to dealers.

### 10. FAIR VALUE INVESTMENTS

IFRS 13 requires disclosures relating to fair value measurements using a three-level fair value hierarchy. The level within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability. The Funds' hierarchy for disclosing the fair value of its financial instruments is based on the inputs summarized below:

- Level 1 – valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities.
  - Level 2 – valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived from or corroborated by observable market data by correlation or other means.
  - Level 3 – valuation techniques with significant unobservable market inputs.
- For assets and liabilities that are recognized in the financial statements on a recurring basis, the Funds determine whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the beginning of each reporting period.

The Funds' fair value hierarchy classification of its assets and liabilities is included in Fair value measurements in the Fund-Specific Notes.

### 11. FINANCIAL RISKS

In the normal course of business the Funds are exposed to a variety of financial risks: market price risk, interest rate risk, currency risk, portfolio concentration risk, credit risk and liquidity risk. The Funds' primary risk management objective is to protect earnings and cash flow and, ultimately, unitholder value. Risk management strategies, as discussed below, are designed and implemented to ensure the Funds' risks and related exposures are consistent with their objectives and risk tolerance.

Most of the Funds' risks are derived from their investments. The value of the investments within the Funds' portfolios can fluctuate on a daily basis as a result of changes in interest rates, economic conditions, commodity prices, and the market and company news related to specific securities held by each Fund. The investments are made in accordance with the Funds' risk management policies. The policies establish investment objectives, strategies, criteria and restrictions.

The objectives of these policies are to identify and mitigate investment risk through a disciplined investment process and the appropriate structuring of each transaction. Each Fund's financial risk disclosure is included in the Fund-Specific Notes.

#### *Market price risk*

Market price risk arises primarily from uncertainties about the future market prices of instruments held. Market price fluctuations may be caused by factors specific to an individual investment, or factors affecting all securities traded in a market or industry sector. All investments present a risk of loss of capital. The maximum risk resulting from financial instruments is equivalent to their fair value. There is a significant exposure to market price risk arising from investment in equity securities.

#### *Interest rate risk*

Interest rate risk arises from interest-bearing financial instruments where the values of those instruments fluctuate due to changes in market interest rates.

#### *Currency risk*

Currency risk arises from financial instruments that are denominated in a currency other than the Canadian dollar, which is the Funds' functional currency. The Funds are exposed to the risk that the value of financial instruments denominated in other currencies will fluctuate due to changes in exchange rates. Currency forward contracts and options may be utilized by the

## NOTES TO THE FINANCIAL STATEMENTS (unaudited) (continued)

Funds to hedge against currency fluctuations. The Funds' exposure to currency risk relates primarily to cash and investments which are denominated in foreign currencies, primarily US dollars.

### Portfolio concentration risk

Concentration indicates the relative sensitivity of the Funds' performance to developments affecting a particular industry or geographical location. Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

The Manager manages the risk through diversification and a thorough understanding of each investment in the portfolio.

### Credit risk

Credit risk is the risk that a counterparty to a financial instrument fails to discharge an obligation or commitment it has entered into with a Fund.

The Funds' main exposure to credit risk is: (a) their trading of listed securities – the risk of default is considered minimal as all transactions are settled and paid for upon delivery using approved brokers; (b) their investment in debt securities through exchange traded funds because the issuer of an instrument that the exchange traded fund invests in may be unable to make interest payments or repay the principal amount on maturity. The concentration of credit risk of investments in debt instruments is minimal since the Funds invest in a variety of debt instruments issued by numerous issuers included in an exchange traded fund and (c) the Funds may enter into derivative contracts to hedge their exposure to foreign currencies. The unrealized gain (loss) on outstanding contracts with counterparties represents the maximum credit exposure. These contracts are carried out with counterparties with a credit rating of at least "A-". The exposure to credit risk on these contracts is considered minimal as there are few contracts outstanding at any one time and the transactions are settled and paid for upon delivery.

### Liquidity risk

Liquidity risk is the risk of not being able to meet the Funds' cash requirements in a timely manner and includes the risk of not being able to liquidate assets at reasonable prices. This risk mainly arises from the Funds' exposure to daily redemptions. Sufficient notification is required for redemption requests to allow the Manager to sell investments to raise cash to fund redemptions. In addition, the Funds retain sufficient cash positions to meet their daily cash requirements. All liabilities are due within three months.

### Pandemic risk

Concerns over the spread of viruses (including COVID-19 and monkeypox) have resulted in a high level of uncertainty and volatility in the financial markets in addition to disruptions to businesses worldwide as societies face increased threat of viral outbreaks. Pandemic risk and its effect on the global economy has had an enormous impact on consumers in all sectors. Fluctuation in security prices, larger bid/ask spreads and lower liquidity caused by pandemics may impact valuation of investments, classification of fair value hierarchy, and assumptions by the Manager to make accounting estimates. The impact of pandemics may last for an extended period and could adversely affect the performance of the Funds. The Manager continues to closely monitor the impact of pandemic risk and its effects on the Funds' risk exposures.

## 12. LEVERAGE

Black Diamond Global Equity Fund and Black Diamond Distressed Opportunities funds are considered "alternative mutual funds", as defined in National Instrument 81-102 – Investment Funds. This permits them to use strategies generally prohibited to conventional mutual funds.

As "alternative mutual funds", the Funds are not subject to certain investment restrictions set out in NI 81-102 that restrict the ability of conventional mutual funds (other than alternative mutual funds) to leverage their assets through

borrowing, short sales and/or derivatives. Investment decisions may be made for the assets of a Fund that exceed the net asset value of that Fund. As a result, if these investment decisions are incorrect, the resulting losses will be more than if investments were made solely in an unleveraged long portfolio as is the case in most conventional equity mutual funds. In addition, leveraged investment strategies can also be expected to increase a Fund's turnover, transaction and market impact costs, interest and other costs and expenses.

The Funds may create leverage through the use of derivatives, short sales and/or borrowing. Under the investment restrictions applicable to alternative mutual funds in NI 81-102, the Funds' aggregate gross exposure, calculated as the sum of the following, must not exceed 300% of a Fund's NAV: (i) the aggregate value of outstanding indebtedness under any borrowing agreements; (ii) the aggregate market value of all securities sold short; and (iii) the aggregate notional value of the Fund's specified derivatives positions excluding any specified derivatives used for hedging purposes. If a Fund's aggregate gross exposure exceeds 300% of the Fund's NAV, the Fund must, as quickly as is commercially reasonable, take all necessary steps to reduce the aggregate gross exposure to 300% of the Fund's NAV or less.

## 13. CAPITAL MANAGEMENT

The Funds consider their capital to consist of their issued and outstanding units. The Funds are not subject to externally imposed capital requirements and have no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Funds' prospectus. The capital received by each Fund is managed to achieve its investment objective of that Fund while maintaining liquidity to satisfy unitholder redemptions.

The Funds manage their capital in accordance with their investment objectives and strategies and the risk management practices outlined in note 11 while maintaining sufficient liquidity to meet distributions and redemptions. In order to manage its capital structure, the Funds may adjust the amount of dividends paid to unitholders.

Changes in the units issued and outstanding of each class of each Fund for the periods ended June 30, 2022 and December 31, 2021 as applicable are reported in Fund-Specific note B, Redeemable Participating units.

## 14. DISTRIBUTIONS

The Funds expect to pay cash dividends of excess income as indicated below:

Black Diamond Global Equity Fund	Monthly, if any
Black Diamond Global Enhanced Income Fund	Monthly, if any
Black Diamond Distressed Opportunities Fund	Monthly, if any

## 15. RELATED PARTY TRANSACTION

Purpose is deemed to be a related party as Manager of the Funds. Please refer to note 5 above for fees paid to Purpose.

The Manager has appointed an Independent Review Committee 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. 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 Funds.

## FUND INFORMATION

### MANAGER

Purpose Investments Inc.  
130 Adelaide Street West  
Suite 3100, P.O. Box 109  
Toronto, ON M5H 3P5

### AUDITOR

Ernst & Young LLP  
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

### UNITHOLDER AND RECORDKEEPING

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

### TORONTO STOCK EXCHANGE LISTINGS

Ticker Symbols:

Black Diamond Global Equity Fund	BDEQ
Black Diamond Distressed Opportunities Fund	BDOP

## BOARD OF DIRECTORS AND INDEPENDENT REVIEW COMMITTEE OF PURPOSE INVESTMENTS INC.

### 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

Chief Executive Officer, Chairman of the Board of Directors  
and Director

### VLADIMIR TASEVSKI

Chief Operating Officer and Director

### JEFF BOUGANIM

Chief Financial Officer and Director

### ALESSIA CRESCENZI

Chief Compliance Officer and Senior Legal Counsel

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