



# **BIG BANC SPLIT CORP.**

**ANNUAL MANAGEMENT REPORT  
OF FUND PERFORMANCE AND  
AUDITED FINANCIAL STATEMENTS**

**For the financial period ended December 31, 2023**

**Purpose**  
INVESTMENTS

Where thoughtful  
Canadians invest.



This annual management report of fund performances contains financial highlights, but does not contain either interim or annual financial statements of the investment fund. You can get a copy of the interim or annual financial statements at your request, and at no cost, by calling 1-866-261-4569, by writing to us at 130 Adelaide St. W, Suite 3100, P.O. Box 109, Toronto, ON M5H 3P5 or by visiting our website at [www.purposeinvest.com](http://www.purposeinvest.com) or SEDAR at [www.sedarplus.ca](http://www.sedarplus.ca).

Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

## **CAUTION REGARDING FORWARD-LOOKING STATEMENTS**

This report may contain forward-looking statements about the Fund, including its strategy, expected performance and condition. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects," "anticipates," "intends," "plans," "believes," "estimates," or negative versions thereof and similar expressions.

In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future action, is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties, and assumptions about the Fund and economic factors.

Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Fund. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and market factors, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events. We stress that the abovementioned list of important factors is not exhaustive. We encourage you to consider these and other factors carefully before making any investment decisions, and urge you to avoid placing undue reliance on forward-looking statements. Further, you should be aware of the fact that the Fund has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise, prior to the release of the next Management Report of Fund Performance.

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## LETTER TO INVESTORS

With the pandemic in the rearview mirror, 2023 was a mix of celebratory and challenging times. The fear of a recession was always present but did not materialize while interest rates increased further and remained high. Still, we ended the year with most equity indices at or near all-time highs. As always, we navigated all periods, from uncertain to challenging to thriving, by keeping you – our investors – at the centre of everything we do.

At Purpose, our motivation will always be to create industry-leading investment products and solutions focused on helping clients meet their specific goals and to enable the building of more resilient portfolios to achieve long-term success.

While the past year was not without its challenges, we continued to work hard to create innovative investment solutions for Canadians. We expanded our industry-leading cash solutions lineup with the launch of the Purpose USD Cash Management Fund (Ticker: MNU.U). Similar to the Canadian dollar-denominated Purpose Cash Management Fund, we designed this fund to take advantage of the current economic environment of high interest rates into higher yields for investors' US cash allocations while still keeping true to the safety and stability of other money market funds, giving investors a safe place to generate good returns without market exposure.

In addition, the Longevity Pension Fund continues to pay income for life to a growing number of retired Canadian investors. The careful approach to managing the fund's portfolio and the thoughtfully designed income policy have continued to result in the fund being fully funded for its investors. We're proud that Longevity continues to be a transformative solution providing income security to clients in retirement. The work continues to educate advisors and clients on navigating decumulation and developing supporting frameworks for constructing an effective and resilient portfolio to generate sustainable retirement income.

Most recently, we launched the Purpose Tactical Thematic Fund (Ticker: RTT). Thematic investing, such as AI, renewable energy, and biotechnology, is an inspiring and innovative space and can really provide a growth tilt for a portfolio. Unfortunately, many investors' experiences with thematic ETFs have been poor, and many either buy too late or hold on too long – or both. With the fund's active and tactical approach, we created a safer way for investors to gain exposure to these exciting themes without the negative experiences they once encountered.

Over the past two years, we have been watching the markets perform a great reset following a decade-long period of disinflation, low yields, and excessive monetary stimulus. It's difficult to truly predict what 2024 will throw at us – the pieces for a positive year are present, while the risk of a recession still looms. No matter what happens, we must remain mindful and vigilant. Our portfolio management team continues to focus on risk management, finding ways to improve how we manage money on behalf of our customers, and maintaining a solid sense of perspective.

We believe that we've created an outstanding range of investment products and solutions that serve any part of your needs. We're not done. We are committed to continuously innovating our product offerings that solve real problems Canadians face and provide opportunities to meet your goals in a meaningful way.

I want to take a moment to express my gratitude to the amazing Purpose team. Their persistent efforts to redefine the standards of modern asset management continue to amaze me.

Finally, and most importantly, Purpose exists to help build the success of our investors. I want to thank you personally for choosing Purpose, placing your trust in us, and being a part of our important story.

Warmly,

Som Seif  
CEO  
Purpose Investments Inc.



## ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

The management report of fund performance presents the views of the manager and the portfolio management team concerning significant factors and developments that have affected the Fund's performance and outlook.

Please read the caution on the inside of the cover page regarding forward-looking statements.

### INVESTMENT OBJECTIVES AND STRATEGIES

Big Banc Split Corp. is a mutual fund corporation with its Class A and Preferred shares listed on the Toronto Stock Exchange, under the symbols BNK and BNK.PR.A, respectively. The Fund is managed by Purpose Investments Inc. ("Purpose" or the "Manager") and commenced operations on June 24, 2020 upon completion of the initial public offering of Class A shares and Preferred shares.

The maturity date of the Fund's class A shares and preferred shares is November 30, 2026.

The investment objectives for the Preferred shares are to provide their holders with fixed cumulative preferential monthly cash distributions in the amount of \$0.07 per Preferred share until the scheduled maturity date and to return the original issue price of \$10.00 to holders on the Maturity Date.

The investment objectives for the Class A shares are to provide their holders with regular monthly non-cumulative cash distributions in the amount of \$0.12 per Class A share and to provide holders with the opportunity for growth in the net asset value per Class A share.

The Fund will invest on an approximately equally-weighted basis in Portfolio Shares of the following publicly traded Canadian banks: Bank of Montreal; Canadian Imperial Bank of Commerce; National Bank of Canada; Royal Bank of Canada; The Bank of Nova Scotia; and The Toronto-Dominion Bank.

In order to seek to generate additional returns and enhance the Portfolio's income, the Manager may write covered call options and cash covered put options in respect of some or all of the Portfolio Shares held in the Portfolio. The Manager expects that initially covered call options will be written on up to 30% of the Portfolio Shares in the Portfolio.

### RISK

The risks of investing in the Fund are disclosed in the Fund's prospectus and there have been no significant changes during the year that affected the overall level of risk associated with the Fund.

### RESULTS OF OPERATIONS

The Fund offers Class A shares listed on the Toronto Stock Exchange under the ticker BNK and Preferred shares listed on the Toronto Stock Exchange under the ticker BNK.PR.A.

The net asset value per share as at:

	December 31, 2023 (\$)	December 31, 2022 (\$)
Shares		
Preferred Shares	10.02	10.02
Class A Shares	10.91	12.84

During the year ended December 31, 2023, the Fund paid distributions as follows:

Month	Preferred Shares (\$)	Class A Shares (\$)
January	0.0500	0.0662
January - Special Distribution	-	1.9150
February	0.0500	0.0662
March	0.0500	0.0662
April	0.0500	0.0662
May	0.0500	0.0662
June	0.0500	0.0662
July	0.0500	0.0662
August	0.0500	0.0662
September	0.0500	0.0662
October	0.0500	0.0662
November	0.0500	0.0662
December	0.0700	0.1200
<b>Total</b>	<b>0.6200</b>	<b>2.7632</b>

2023 did not follow the script that many expected. Coming off a rough 2022 that saw almost all asset classes fall, there was little cause to be optimistic. However, as is often the case when everyone is looking for the same thing, the opposite can happen. The much-forecasted global recession never materialized, and markets finished the year robustly. Still, lower market liquidity, sticky inflation, and higher interest rates required investors to look much closer at fundamentals and valuations when constructing portfolios.

Leftovers from the Covid-era stimulus and US government spending on infrastructure and climate initiatives sustained market liquidity beyond the extent many anticipated. And while corporate earnings are down, they have proven to be resilient so far. The prevailing high-interest-rate environment, which is not likely to change significantly in the near future, resulted in yields coming increasingly from interest rates and less from credit spreads.

The Fund performed well for the reporting period, posting positive returns. Investments in the Canadian Imperial Bank of Commerce drove fund performance over the period followed by National Bank of Canada and Bank of Montreal.

### RECENT DEVELOPMENTS

The board of directors of the Big Banc Split Corp. has approved an extension of the maturity date of class A shares and preferred shares for an additional 3-year term to November 30, 2026 along with a significant increase in distribution rates for both Class A Shares and Preferred Shares. There were no changes to the Manager of the Fund, nor were there any material changes to the investment philosophy or process. The Manager actively monitors the positioning of the Fund's portfolio for changes in current market conditions and the economic environment.



## RELATED PARTY TRANSACTIONS

Purpose is deemed to be a related party as Manager of the Fund. Please refer below to the “Management Fee” section for fees paid to Purpose. Purpose has also appointed an Independent Review Committee (“IRC”) 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 Fund. IRC members receive fees and reimbursement of expenses for services provided to the Fund and other Purpose managed funds and such costs are allocated among all the Funds on a fair and reasonable basis. The fees for services rendered to the Fund are reported in the Statements of Comprehensive Income. There are no other related party transactions for the Fund.

## INDEPENDENT REVIEW COMMITTEE

The Manager is required to comply with the policies and procedures presented to the IRC with respect to various potential conflicts of interest including valuation and the allocation of operating expenses and to provide periodic reports to the IRC in accordance with NI 81-107.

The members of the Independent Review Committee as at December 31, 2023 were Douglas G. Hall (Chair), Randall C. Barnes, and Jean M. Fraser.

## FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund’s financial performance for the years ended December 31:

### NET ASSETS PER CLASS A SHARE<sup>1</sup>

Class A Shares (TSX: BNK)	2023 (\$)	2022 (\$)	2021 (\$)	2020 <sup>a</sup> (\$)
<b>Net assets, beginning of year</b>	<b>12.84</b>	<b>18.27</b>	<b>12.21</b>	<b>10.00<sup>b</sup></b>
<b>Increase (decrease) from operations:</b>				
Total revenue	1.02	1.01	0.98	0.48
Total expenses	(0.91)	(0.90)	(0.86)	(1.58)
Realized gains (losses) for the year	0.45	3.41	3.79	0.64
Unrealized gains (losses) for the year	0.24	(6.78)	2.94	3.08
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>0.80</b>	<b>(3.26)</b>	<b>6.85</b>	<b>2.62</b>
<b>Distributions to Class A shareholders:</b>				
From dividends	(0.36)	(0.46)	(0.33)	(0.23)
From capital gains	(1.95)	(1.57)	(0.46)	(0.09)
Return of capital	(0.45)	-	-	(0.09)
<b>Total distributions to Class A shareholders<sup>3</sup></b>	<b>(2.76)</b>	<b>(2.03)</b>	<b>(0.79)</b>	<b>(0.41)</b>
<b>Net assets, end of year</b>	<b>10.91</b>	<b>12.84</b>	<b>18.27</b>	<b>12.21</b>

Notes:

- Information presented is for the period June 24, 2020 to December 31, 2020.
- Initial offering price.
- This information is derived from the Fund’s financial statements prepared in accordance with IFRS. For purposes of shareholder transactions, the Net Asset Value is calculated in accordance with the valuation rules as set out in the Fund’s prospectus. The Fund’s 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 shareholders.
- Net assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase (decrease) from operations is based on the weighted-average number of shares outstanding over the financial period.
- Distributions were paid in cash or reinvested in additional shares of the Fund.

### RATIOS AND SUPPLEMENTAL DATA

Class A Shares (TSX: BNK)	2023	2022	2021	2020
Total net asset value (\$) (000s) <sup>1</sup>	14,623	17,856	28,506	22,050
Number of Class A shares outstanding (000s) <sup>1</sup>	1,340	1,391	1,560	1,805
Management expense ratio <sup>2</sup>	1.18%	1.29%	1.48%	14.87%
Management expense ratio excluding issue costs and agents’ fees <sup>2</sup>	1.18%	1.29%	1.48%	4.43%
Management expense ratio excluding distributions on Preferred shares and issuance costs	1.18%	1.29%	1.48%	1.48%
Trading expense ratio <sup>3</sup>	0.27%	0.15%	0.13%	0.15%
Portfolio turnover rate <sup>4</sup>	94.89%	57.42%	44.29%	54.63%
Closing market price – Class A shares (\$) (TSX: BNK)	10.83	11.78	17.23	10.85
Closing market price – Preferred shares (\$) (TSX: BNK.PR.A)	10.60	10.02	10.85	10.60

Notes:

- The financial information presented in the Ratios and Supplemental Data table is derived from the Fund’s Net Asset Value and is provided as at December 31 of the year shown.
- The management expense ratio (“MER”) is calculated as the total expenses, excluding distributions, commissions and other portfolio transaction costs, for the stated period and is expressed as an annualized percentage of the average daily NAV of the Fund. The Manager, at its sole discretion, may waive management fees or absorb expenses. Such waivers and absorptions can be terminated at any time.
- The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of the Fund’s daily average NAV. The trading expense ratio is calculated at the portfolio level and applies to all classes of shares of the Fund.
- The portfolio turnover rate is based on the lesser of purchases or proceeds of sales of securities for the year, excluding cash, short-term notes, and bonds having maturity dates at acquisition of one year or less, divided by the average value of the portfolio securities for the year. The Fund’s portfolio turnover rate indicates how actively the Fund’s investment advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the portfolio turnover rate in a year, the greater the trading costs payable in the year and the greater the chance of taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and fund performance. The portfolio turnover rate is calculated at the portfolio level and applies to all classes of shares of the Fund.



## MANAGEMENT FEES

Purpose manages and administers the business, operations and affairs of the Fund. As compensation for the services it provides to the Fund, Purpose is entitled to receive an annual management fee in an amount equal to 0.75% of the NAV of the Fund. The management fees are calculated daily and paid monthly in arrears based on the average NAV of the Company calculated at each Valuation Time during that month.

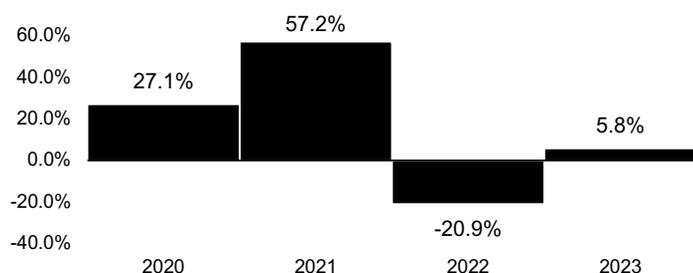
## PAST PERFORMANCE

Please note that the performance information shown in this section assumes that all dividends made by the Fund, if any, in the periods shown were reinvested in additional securities of the Fund. It does not take into account sales, redemptions, distributions or other optional charges, or income taxes payable by any investor, which would have reduced the returns. The performance of the Fund in the past does not necessarily indicate how it will perform in the future.

## YEAR-BY-YEAR RETURNS

The bar charts show the performance of each class of shares for the financial period in percentage terms, indicating how much an investment made on the first day of the period would have grown or decreased by the last day of the period.

### Class A Shares – NAV



Return labelled 2020 is for the period from June 24, 2020 to December 31, 2020.

## SUMMARY OF INVESTMENT PORTFOLIO

As at December 31, 2023

### ASSET MIX

	% of Fund's Total Assets
<b>Long Positions</b>	
Canadian Equities	188.90
Cash and Cash Equivalents	5.23
Net Other Assets	(93.52)
<b>Short Positions</b>	
Equity Call Options	(0.61)
<b>Total Investments</b>	<b>100.00</b>

## ANNUAL COMPOUND RETURNS

The table below summarizes the Fund's annual compound total returns for the periods ended December 31 as indicated. As a basis of comparison, we have provided the performance of S&P / TSX Financials Index ("Index"). As the criteria for determining the constituents of the Fund and the Index differ, it is not expected that the Fund's performance will mirror that of the Index. Further, the return of the Index is calculated without the deduction of management fees and fund expenses whereas the performance of the Fund is calculated after deducting such fees and expenses.

Period	Class A Shares NAV (%)	Index (%)
1 year	5.83	13.12
3 years	9.62	11.40
Since inception <sup>1</sup>	15.78	15.80

1) Return since inception is for the period starting June 24, 2020.

### TOP 25 HOLDINGS

	% of Fund's Total Assets
Bank of Montreal	30.03
The Bank of Nova Scotia	29.88
Royal Bank of Canada	29.63
The Toronto-Dominion Bank	29.57
National Bank of Canada	29.37
Canadian Imperial Bank of Commerce	26.54
Purpose Cash Management Fund	13.88
Cash and Cash Equivalents	5.23

The investment portfolio may change due to ongoing portfolio transactions. An updated listing is available quarterly.



## INDEPENDENT AUDITOR'S REPORT

### TO THE SHAREHOLDERS OF BIG BANC SPLIT CORP. (THE "FUND")

#### OPINION

We have audited the financial statements of the Fund, which comprise the statement of financial position as at December 31, 2023 and 2022, and the statement of comprehensive income, statements of changes in financial position and statement of cash flows for the years then ended, as indicated in Note 1 to the accompanying financial statements, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended, as indicated in Note 1 to the accompanying financial statements, in accordance with International Financial Reporting Standards (IFRSs).

#### BASIS FOR OPINION

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### OTHER INFORMATION

Management is responsible for the other information. The other information comprises the Management Report of Fund Performance of the Fund. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Management Report of Fund Performance of the Fund prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

#### RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

#### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Gregory Murphy.

Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Canada  
March 28, 2024



## ANNUAL FINANCIAL STATEMENTS

## STATEMENTS OF FINANCIAL POSITION

As at:

	December 31, 2023 (\$)	December 31, 2022 (\$)
<b>Assets</b>		
Investments:		
Non-derivative financial assets	27,624,288	32,109,910
Cash and cash equivalents	765,522	-
Receivables:		
Dividends	117,644	134,320
Prepaid expenses	11,465	27,457
<b>Total assets</b>	<b>28,518,919</b>	<b>32,271,687</b>
<b>Liabilities</b>		
Bank overdraft	-	200,866
Payables:		
Management fees (note 6)	21,875	28,148
Independent review committee fees (note 6)	7,641	8,001
Other accrued liabilities (note 6)	96,932	81,138
Distributions	254,775	161,771
Derivative liabilities:		
Options written, at fair value	89,220	-
Preferred shares (note 4)	13,425,030	13,936,030
Class J shares (note 4)	100	100
<b>Total liabilities (excluding Net Assets attributable to holders of redeemable Class A shares)</b>	<b>13,895,573</b>	<b>14,416,054</b>
<b>Net assets attributable to holders of redeemable Class A shares</b>	<b>14,623,346</b>	<b>17,855,633</b>
<b>Net assets attributable to holders of redeemable shares per class</b>		
Class A Shares	14,623,346	17,855,633
Total	14,623,346	17,855,633
<b>Number of shares outstanding (note 4)</b>		
Preferred Shares	1,340,004	1,391,104
Class A Shares	1,340,004	1,391,104
Class J Shares	100	100
<b>Net assets attributable to holders of redeemable shares per share</b>		
Preferred Shares	10.02	10.02
Class A Shares	10.91	12.84
Class J Shares	1	1

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

Approved on behalf of the Board of Directors of Big Banc Split Corp.

Som Seif  
Director  
March 28, 2024Tyler Meyrick  
Director

## STATEMENTS OF COMPREHENSIVE INCOME

For the years ended:

	December 31, 2023 (\$)	December 31, 2022 (\$)
<b>Income</b>		
Net gains (losses) on investments and derivatives:		
Dividend income	1,331,582	1,556,515
Interest income for distribution purposes	3,737	-
Distribution from underlying funds	77,844	-
Net realized gain (loss) on sale of non-derivative financial assets	225,470	4,741,512
Net realized gain (loss) on options	404,842	533,656
Net change in unrealized appreciation (depreciation) on non-derivative financial assets	381,333	(10,483,777)
Net change in unrealized appreciation (depreciation) on options	(53,907)	10,650
Net gains (losses) on investments and derivatives	2,370,901	(3,641,444)
<b>Total revenue</b>	<b>2,370,901</b>	<b>(3,641,444)</b>
<b>Expenses</b>		
Management fees (note 6)	227,683	316,057
Custodian and fund accounting fees	39,746	44,564
Audit fees	31,006	28,972
Unitholder reporting	20,424	14,923
Transaction costs (note 9) <sup>1,2</sup>	18,067	19,238
Legal fees	15,512	-
Independent review committee fees (note 6)	4,995	4,993
Stock borrow fees	2,351	-
Interest and bank charges	-	3,269
Other expenses (note 6)	39,458	29,835
<b>Total expenses</b>	<b>399,242</b>	<b>461,851</b>
<b>Net investment income (loss) before distributions on Preferred shares</b>	<b>1,971,659</b>	<b>(4,103,295)</b>
Distributions on Preferred shares (note 12)	(860,458)	(929,168)
<b>Increase (decrease) in Net Assets attributable to holders of redeemable Class A shares (note 8)</b>	<b>1,111,201</b>	<b>(5,032,463)</b>
<b>Average number of shares outstanding (note 8)</b>	<b>1,385,115</b>	<b>1,545,379</b>
<b>Increase (decrease) in Net Assets attributable to holders of redeemable Class A shares per share<sup>1</sup></b>	<b>0.80</b>	<b>(3.26)</b>
1) Soft dollar commission	218	-

2) Based on the weighted average number of Class A shares outstanding for the year (note 4).  
The accompanying notes are an integral part of the financial statements.

**STATEMENTS OF CHANGES IN FINANCIAL POSITION**

For the years ended:

	December 31, 2023 (\$)	December 31, 2022 (\$)
<b>Class A Shares</b>		
Net assets attributable to holders of redeemable shares at beginning of year	17,855,633	28,505,998
Increase (decrease) in net assets attributable to holders of redeemable shares from operations	1,111,201	(5,032,463)
<b>Redeemable share transactions</b>		
Proceeds from issuance of redeemable units	410,650	-
Payments for redemption of redeemable shares	(916,372)	(2,453,457)
Net increase (decrease) from redeemable share transactions	(505,722)	(2,453,457)
<b>Dividends paid or payable to holders of redeemable shares</b>		
From dividends	(496,967)	(719,946)
From capital gains	(2,719,375)	(2,444,499)
Return of capital	(621,424)	-
Total dividends to holders of redeemable shares	(3,837,766)	(3,164,445)
Net increase (decrease) in net assets attributable to holders of redeemable shares	(3,232,287)	(10,650,365)
<b>Net assets attributable to holders of redeemable shares at end of year</b>	<b>14,623,346</b>	<b>17,855,633</b>

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

**STATEMENTS OF CASH FLOWS**

For the years ended:

	December 31, 2023 (\$)	December 31, 2022 (\$)
<b>Cash Flows from Operating Activities</b>		
Increase (decrease) in net assets attributable to holders of redeemable Class A shares from operations	1,111,201	(5,032,463)
Adjustments for:		
Purchase of investments	(39,989,764)	(31,550,841)
Proceeds from sale of investments	44,993,277	36,471,124
Net realized loss (gain) on sale of non-derivative financial assets	(225,470)	(4,741,512)
Net realized loss (gain) on options	(404,842)	(533,656)
Net change in unrealized depreciation (appreciation) on non-derivative financial assets	(381,333)	10,483,777
Net change in unrealized depreciation (appreciation) on options	53,907	(10,650)
Net change in non-cash working capital balances	41,829	89,654
Transaction costs (note 9)	18,067	19,238
	5,216,872	5,194,671
<b>Cash Flows from Financing Activities</b>		
Proceeds from issuance of redeemable Class A shares	410,650	-
Payments for Class A shares redeemed (note 4)	(916,372)	(2,453,457)
Distributions paid to holders of redeemable Class A shares, net of reinvestments (note 4)	(3,744,762)	(3,184,095)
	(4,250,484)	(5,637,552)
Net increase (decrease) in cash and cash equivalents	966,388	(442,881)
Cash and cash equivalents (bank overdraft), at beginning of year	(200,866)	242,015
<b>Cash and cash equivalents (bank overdraft), at end of year</b>	<b>765,522</b>	<b>(200,866)</b>
Distributions paid on redeemable Preferred shares (note 6)	860,458	929,168
Interest received (paid)	3,737	(3,269)
Dividends received (paid), net of withholding taxes	1,348,258	1,649,113

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

**SCHEDULE OF INVESTMENTS**

As at December 31, 2023

Security	Number of Shares/Units/ Par Value	Average Cost (\$)	Fair Value (\$)
<b>Canadian Equities – 175.02%</b>			
<b>Financials – 175.02%</b>			
Bank of Montreal	33,493	4,125,886	4,391,267
Canadian Imperial Bank of Commerce	60,840	3,718,552	3,881,592
National Bank of Canada	42,530	3,990,977	4,295,530
Royal Bank of Canada	32,332	4,169,187	4,332,488
The Bank of Nova Scotia	67,737	4,556,741	4,369,037
The Toronto-Dominion Bank	50,505	4,282,033	4,324,238
		24,843,376	25,594,152
<b>Total Canadian Equities – 175.02%</b>		24,843,376	25,594,152
<b>Money Market Funds – 13.88%</b>			
Purpose Cash Management Fund	20,275	2,034,452	2,030,136
		2,034,452	2,030,136
<b>Total Money Market Funds – 13.88%</b>		2,034,452	2,030,136
<b>Transaction Costs (note 9)</b>		(6,852)	–
<b>Total Investments – 188.90%</b>		26,870,976	27,624,288
<b>Options (Schedule 1) – (0.61)%</b>			(89,220)
<b>Cash and Cash Equivalents – 5.23%</b>			765,522
<b>Other Assets, Less Liabilities – (93.52)%</b>			(13,677,244)
<b>Net Assets – 100.00%</b>			<b>14,623,346</b>

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

**SCHEDULE 1 - OPTIONS**

As at December 31, 2023

Written Call Options CAD	Number of Contracts	Strike Price (CAD)	Expiry Date	Premium Received (CAD)	Fair Value (CAD)
Bank of Montreal	(100)	128.00	2024-01-20	(8,700)	(40,750)
Bank of Nova Scotia	(5)	63.00	2024-01-20	(250)	(770)
Canadian Imperial Bank of Commerce	(4)	61.00	2024-01-20	(362)	(1,200)
National Bank of Canada	(100)	100.00	2024-01-20	(6,700)	(17,500)
Royal Bank of Canada	(100)	135.00	2024-01-20	(7,500)	(10,600)
Toronto-Dominion Bank	(100)	84.00	2024-01-20	(11,800)	(18,400)
				(35,312)	(89,220)



## NOTES TO THE FINANCIAL STATEMENTS

### 1. THE FUND

Big Banc Split Corp. (the “Fund” or “the Company”) is a mutual fund corporation established under the laws of the Province of Ontario on May 15, 2020. Purpose Investments Inc. (the “Manager” or “Purpose”) is responsible for managing the affairs of the Fund. The Fund has been inactive between the date of incorporation and commencement of operations, other than the issuance of 100 Class J shares of the Company (“Class J shares”) for cash. The registered office of the Fund is located at 130 Adelaide Street West, Suite 3100 Toronto, Ontario M5H 3P5.

On June 24, 2020, the Fund commenced operations with the listing of Canadian dollar denominated Class A shares on the Toronto Stock Exchange (“TSX”) under the ticker symbol BNK and the concurrent listing of Preferred shares on the TSX under the ticker symbol BNK.PR.A.

The Fund’s financial statements include the *Schedule of Investments* as at December 31, 2023, the *Statements of Financial Position* as at December 31, 2023 and 2022, and the *Statements of Comprehensive Income*, the *Statements of Changes in Financial Position* and the *Statements of Cash Flows* for the years ended December 31, 2023 and 2022 (the “financial statements”).

The financial statements were approved for issuance by the Manager on March 28, 2024.

### 2. INVESTMENT OBJECTIVES

The investment objectives for the Preferred shares are to provide their holders with fixed cumulative preferential monthly cash distributions in the amount of \$0.05 per Preferred share (\$0.60 per annum or 6.0% per annum on the issue price of \$10.00 per Preferred share) until the scheduled maturity date and to return the original issue price of \$10.00 to holders on the Maturity Date (November 30, 2023).

The investment objectives for the Class A shares are to provide their holders with regular monthly non-cumulative cash distributions initially in the amount of \$0.067 per Class A share representing a yield on the issue price of the Class A shares of 8.0% per annum and to provide holders with the opportunity for growth in the net asset value per Class A share.

The Company will invest on an approximately equally-weighted basis in a portfolio (the “Portfolio”) of equity securities (the “Portfolio Shares”) of the following publicly traded Canadian banks: Bank of Montreal; Canadian Imperial Bank of Commerce; National Bank of Canada; Royal Bank of Canada; The Bank of Nova Scotia; and The Toronto-Dominion Bank. In order to seek to generate additional returns and enhance the Portfolio’s income, the Manager may write covered call options and cash covered put options in respect of some or all of the Portfolio Shares held in the Portfolio.

In order to seek to generate additional returns and enhance the Portfolio’s income, the Manager may write covered call options and cash covered put options in respect of some or all of the Portfolio Shares held in the Portfolio. The Manager expects that initially covered call options will be written on up to 30% of the Portfolio Shares in the Portfolio.

### 3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

#### 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, the Fund is an investment entity and primarily all financial assets and financial liabilities are measured at fair value in accordance with IFRS. Accordingly, the Fund’s 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 shareholders.

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 Fund’s 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 Fund meets 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 Fund’s functional currency.

#### FINANCIAL INSTRUMENTS

Financial instruments include financial assets and liabilities such as debt and equity securities, open-ended investment funds and derivatives. The Fund classifies and measures 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 Fund becomes 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 Fund has 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 Fund includes 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 Fund includes 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 Fund becomes 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 Fund will record a realized loss or, if the premium received at the time the option was written is greater than the amount paid, the Fund 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.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 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. Loans and receivables and other financial liabilities (other than those classified as fair value through profit and loss) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

After initial measurement, the Fund measures 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 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 Fund's obligation for net assets attributable to holders of redeemable shares is presented at the redemption amount before discount.

The Fund measures its 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 Fund may use these instruments for trading purposes, as well to manage the Fund's risk exposure.

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

#### Valuation of Options

When any option is written by the Fund, the premium received by the 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 shares of the Fund. The securities that are the subject of a written option, if any, will be valued in the manner described above for listed securities.

#### 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.

#### CLASSIFICATION OF PREFERRED SHARES

IAS 32 Financial Instruments: Presentation, requires that securities of the Fund, which are considered puttable instruments, be classified as either financial liabilities or equity instruments. The preferred shares of the Fund do not meet the criteria to be classified as equity instruments. Consequently, the Fund's outstanding preferred shares are classified as financial liabilities in accordance with IAS 32.

#### INCOME RECOGNITION

##### Interest income for distribution purposes

The interest for distribution purposes shown on the Statements of Comprehensive Income represents the interest received by the Fund accounted for on an accrual basis.

##### Dividend revenue

Dividend revenue is recognized when the Fund's 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 Fund 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 Fund 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.

#### FUNCTIONAL AND PRESENTATION CURRENCY

The Fund's functional currency is the Canadian dollar (unless otherwise noted), which is the currency of the primary economic environment in which it operates. The Fund's performance is evaluated and its liquidity is managed in Canadian dollars (unless otherwise noted). Therefore, the Canadian dollar is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The Fund's presentation currency is also the Canadian dollar, unless otherwise noted.

#### 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.

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

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 unrealized appreciation (depreciation) in the value of investments and derivatives”.

**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 year, are discussed below. The Fund 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 Fund. 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 Fund, Purpose is required to make significant judgements in order to determine the most appropriate classification in accordance with IFRS 9. Purpose has assessed the Fund's business model, 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 Fund's financial instruments.

**4. REDEEMABLE SHARES**

The Company is authorized to issue an unlimited number of Preferred shares, and Class A shares and Class J shares, which will not rank in priority to the Preferred shares. The Preferred shares will not be rated by any rating organization. All of the issued and outstanding Class J shares of the Fund are owned by Big Banc Split Trust, a trust whose beneficiaries include the holders of Class A shares and Preferred shares from time to time. Until all the Class A shares and Preferred shares have been retracted, redeemed, or purchased for cancellation, no additional Class J shares shall be issued. As of December 31, 2023, 100 Class J shares were outstanding.

A unit means a notional unit consisting of one Preferred share and one Class A share. Net Asset Value per unit is determined by (i) the aggregate value of the assets of the Fund, less (ii) the aggregate value of the liabilities of the Fund (the Preferred shares will not be treated as liabilities), including any distributions declared and not paid that are payable to shareholders, less (iii) the stated capital of Class J shares (\$100).

Preferred shares rank in priority to the Class A shares with respect to the payment of distributions and the repayment of capital out of the portfolio on the dissolution, liquidation, or winding up of the Company.

Class A shares rank subsequent to the Preferred shares with respect to the payment of distributions and the repayment of capital out of the portfolio on the dissolution, liquidation or winding up of the Company. The Company may

sub-divide the Class A shares into a greater number of Class A shares in its discretion from time to time.

The holders of Class J shares are not entitled to receive dividends. The holders of the Class J shares are entitled to one vote per Class J Share. The Class J shares are retractable at a price of \$1.00 per share and have a nominal liquidation entitlement of \$1.00 per share. The Class J shares rank subsequent to the Preferred shares and prior to the Class A shares with respect to distributions on the dissolution, liquidation or winding-up of the Fund. There are 100 Class J shares issued and outstanding.

The Preferred shares are listed on the Toronto Stock Exchange (“TSX”) under the ticker symbol BNK.PR.A and the Class A shares are listed on the TSX under the ticker symbol BNK. Except as required by law or set out below, holders of Preferred shares and Class A shares will not be entitled to receive notice of, to attend or to vote at any meeting of the shareholders of the Fund. For matters requiring shareholder approval, each Preferred share and each Class A share will have one vote at such a meeting to discuss the matters requiring shareholder approval.

Changes in outstanding Class A shares during the years ended December 31, 2023 and 2022 are summarized as follows:

	Number of Shares
	Class A Shares
Outstanding, December 31, 2021	1,560,204
Redeemed	(169,100)
Outstanding, December 31, 2022	1,391,104
Issued	43,000
Redeemed	(94,100)
Outstanding, December 31, 2023	1,340,004

**5. CAPITAL MANAGEMENT**

The Fund's capital is comprised of its Net Assets attributable to holders of redeemable shares. The Fund's objectives in managing its capital are:

- i) to provide holders of Preferred shares with fixed, cumulative, preferential monthly cash distributions and to return the original issue price to holders of the shares on the scheduled maturity date, and
- ii) to provide holders of Class A shares with regular monthly cash distributions targeted to be at least \$0.662 per share and the opportunity for growth in Net Asset Value per share.

The Fund manages its capital taking into consideration the risk characteristics of its holdings. In order to manage its capital structure, the Fund may adjust the amount of distributions paid to shareholders or return capital to shareholders.

**6. MANAGEMENT FEES, AGENTS' FEES AND OTHER EXPENSES****Initial Expenses**

The expenses of the Fund's initial public offering (“the Offering”), together with the Agents' fees, will be paid by the Fund from the gross proceeds of the Offering. Such expenses include the costs of creating and organizing the Company, the costs of printing and preparing the prospectus, marketing, legal and other out-of-pocket expenses incurred by the Agents, and certain other expenses. The expenses of the Offering shall not exceed 1.5% of the gross proceeds of the Offering, and any excess expenses will be paid for by the Manager.

As a result of the priority of the Preferred shares, the expenses of the Offering and any reduction in the value of the securities accepted pursuant to the Exchange Option between the date upon which their value is determined for such purposes and Closing will effectively be borne by holders of the Class A shares (for so long as the NAV per unit exceeds the Offering price per Preferred share plus accrued and unpaid distributions thereon) and the NAV per Class A share will reflect the expenses of the Offering of both the Preferred shares and Class A shares.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****Agents' Fees**

National Bank Financial Inc., CIBC World Markets Inc., BMO Nesbitt Burns Inc., Canaccord Genuity Corp., RBC Dominion Securities Inc., Richardson Wealth Limited, Scotia Capital Inc., TD Securities Inc., Industrial Alliance Securities Inc., Echelon Wealth Partners Inc., Raymond James Ltd., Desjardins Securities Inc., Hampton Securities Limited, Haywood Securities Inc., Mackie Research Capital Corporation, Manulife Securities Incorporated and PI Financial Corp. (collectively, the "Agents") conditionally offer the Fund's shares on a best efforts basis, subject to prior sale, if, as and when issued by the Company and accepted by the Agents in accordance with the conditions contained in the Agency Agreement.

Pursuant to the Agency Agreement, the Agents have agreed to offer the Preferred shares and Class A shares for sale, as agents of the Company, on a best efforts basis, if, as and when issued by the Company. The Agents will receive a fee equal to \$0.30 for each Preferred share sold (3.0%) and \$0.50 for each Class A share sold (5.0%) and will be reimbursed for out-of-pocket expenses incurred by them. The Agents may form a sub-agency group including other qualified investment dealers and determine the fee payable to the members of such group, which fee will be paid by the Agents out of their fees. While the Agents have agreed to use their best efforts to sell the Preferred shares and the Class A shares offered hereby, the Agents will not be obligated to purchase Preferred shares and Class A shares which are not sold.

**Management Fees**

The Preferred shares and Class A shares are charged a management fee at an annual rate of 0.75% of the Net Asset Value of the Fund plus applicable taxes, including HST. The management fee will be calculated and payable monthly in arrears based on the average NAV of the Fund calculated at each Valuation Time during that month. The Management Fee payable to the Manager in respect of the month in which Closing occurs shall be pro-rated. The pro-ration is based on the number of days from the Closing Date to the last day of the month.

**Operating Expenses**

The Fund is also responsible for various expenses relating to its operations and management. These expenses may include, without limitation, items such as financial reporting, mailing, printing, trustee fees, custodial fees, transfer agents' fees, legal fees, valuation agents' fees, audit fees, regulatory fees, and Independent Review Committee costs. The Fund is also responsible for all taxes, commissions and other costs of securities transactions and any extraordinary expenses that it may incur or that may be incurred on its behalf from time to time. Except for interest and bank charges paid or payable directly by the Fund, the Manager incurs such expenses on the Fund's behalf and is then reimbursed by the Fund for such expenses. The Fund's common operating expenses are allocated to share classes based on the average daily Net Asset Value of each class.

**7. INTERESTS IN UNDERLYING FUNDS**

The Fund invests in redeemable shares 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 shareholders 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.

	December 31, 2023		December 31, 2022	
	% of Total Assets	Ownership Interest %	% of Total Assets	Ownership Interest %
Underlying Funds				
Purpose Cash Management Fund	13.9	0.4	-	-

**8. INCOME TAXES AND WITHHOLDING TAXES**

The Company qualifies and intends to continue to qualify as a mutual fund corporation under the Income Tax Act (Canada). Mutual fund corporations are generally subject to tax in the same manner as other public corporations except that income taxes payable on realized capital gains are refundable on a formula basis when shares of the Company are redeemed or capital gains dividends are paid by the Company to its shareholders. The Company is subject to a special tax at the rate of 38 1/3% on taxable dividends received from taxable Canadian corporations. This tax is refundable to the Company upon the payment of taxable dividends to its shareholders at the rate of \$1 of tax for every \$2.61 of dividends paid.

As of December 31, 2023 and 2022, the Fund had no non-capital or capital losses 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 tax year in which they arise.

The Company 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.

**9. INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES PER SHARE**

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

**10. BROKERAGE COMMISSIONS**

Commissions paid to brokers in connection with portfolio transactions are included in transaction costs in the Fund's Statements of Comprehensive Income. Brokerage business is allocated based on which broker can deliver to the Fund 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. The Investment Advisor does not use soft dollar arrangements when selecting brokers for trade execution for the Fund.

**11. 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 Fund's 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 Fund determines whether transfers have occurred between levels in the hierarchy by reassessing the categorization at the end of each reporting period.

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

The following is a summary of the inputs used as of December 31, 2023 in valuing the Fund's financial assets and financial liabilities carried at fair value:

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
<b>Financial assets</b>				
Equities	25,594,152	-	-	25,594,152
Funds	2,030,136	-	-	2,030,136
<b>Total financial assets</b>	<b>27,624,288</b>	<b>-</b>	<b>-</b>	<b>27,624,288</b>
<b>Financial liabilities</b>				
Options	89,220	-	-	89,220
<b>Total financial liabilities</b>	<b>89,220</b>	<b>-</b>	<b>-</b>	<b>89,220</b>
<b>Total financial assets and liabilities</b>	<b>27,535,068</b>	<b>-</b>	<b>-</b>	<b>27,535,068</b>

The following is a summary of the inputs used as of December 31, 2022 in valuing the Fund's financial assets and financial liabilities carried at fair value:

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
<b>Financial assets</b>				
Equities	32,109,910	-	-	32,109,910
<b>Total financial assets</b>	<b>32,109,910</b>	<b>-</b>	<b>-</b>	<b>32,109,910</b>
<b>Total financial assets and liabilities</b>	<b>32,109,910</b>	<b>-</b>	<b>-</b>	<b>32,109,910</b>

During the years ended December 31, 2023 and 2022 there were no transfers of assets between Level 1, Level 2 and Level 3. The Manager obtains pricing from a third party pricing vendor, which is monitored and reviewed daily by the portfolio manager. Any adjustments to the prices or estimates provided by the third party pricing vendor are approved by the portfolio manager.

**a) Equities**

The Fund's equity positions are classified as level 1, as the securities are actively traded and a reliable price is observable.

**b) Option Contracts**

The Fund's option contracts written are classified as level 1, as the options are based on unadjusted prices that are observable.

**12. FINANCIAL RISKS**

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

Most of the Fund's risks are derived from its investments. The value of the investments within the Fund's portfolio 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 the Fund. The investments are made in accordance with the Fund's 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.

**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. The Fund's most significant exposure to market price risk arises from its investment in equity securities.

If equity prices for these securities had increased or decreased by 5% as at December 31, 2023 with all other variables held constant, the Fund's net assets would have increased or decreased, respectively, by approximately \$1.3 million (December 31, 2022 – \$1.6 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 majority of the Fund's financial assets are equity shares, which are not interest bearing. As the Fund's financial liabilities are primarily short term in nature and generally not interest bearing, the Fund's exposure to interest rate risk is considered low.

**Portfolio concentration risk**

Concentration indicates the relative sensitivity of the Fund's 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 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.

**Liquidity risk**

Liquidity risk is the risk of not being able to meet the Fund's 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 Fund's exposure to monthly and annual redemptions. Sufficient notification is required for redemption requests to allow the Manager to sell investments to raise cash to fund redemptions. In addition, the Fund retains sufficient cash positions to meet its daily cash requirements. All liabilities are due within three months except for the loan facility.

**13. DISTRIBUTIONS TO SHAREHOLDERS**

The policy of the Board of Directors of the Fund will initially be to pay monthly non-cumulative distributions to the holders of Class A shares in the amount of \$0.0662 per Class A share. Such distributions will be paid on or before the 15th day of the month following the month in respect of which the distribution is declared payable. No distributions will be paid on the Class A shares (i) if the distributions payable on the Preferred shares are in arrears, or (ii) if after paying a cash distribution, the NAV per unit would be less than \$15.00. The amount of any distributions on the Class A shares in any month or months will otherwise be in the discretion of the Board of Directors.

Holders of record of Preferred shares on the last Business Day of each month will be entitled to receive fixed, cumulative preferential monthly cash distributions equal to \$0.05 per Preferred share. On an annualized basis, this would represent a yield on the Preferred share offering price of 6.0%. Such distributions are expected to be paid by the Fund before the 15th day of the month following the period in respect of which the distribution was declared payable.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****14. RELATED PARTY TRANSACTIONS**

Purpose is deemed to be a related party as Manager of the Fund. Please refer to Note 6 above for fees paid to Purpose. There are no other related party transactions for the Fund.

The Manager has appointed the Independent Review Committee (IRC) as required by National Instruments 81-107 *Independent Review Committee for Investment Fund*. 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 Fund. The fees for services rendered to the Fund are reported in the Statements of Comprehensive Income.

## CORPORATE INFORMATION

### MANAGER AND PROMOTER

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

### CUSTODIAN AND VALUATION AGENT

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

### AUDITOR

Ernst & Young LLP  
EY Tower  
100 Adelaide Street West, P.O. Box 1  
Toronto, ON M5H 0B3

### REGISTRAR AND TRANSFER AGENT

TSX Trust Company  
100 Adelaide Street West, Suite 301  
Toronto, ON M5H 4H1

### TORONTO STOCK EXCHANGE LISTING

Ticker Symbols:  
Class A Shares – BNK  
Preferred Shares – BNK.PR.A

### INDEPENDENT REVIEW COMMITTEE OF BIG BANC SPLIT CORP.

#### 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

Head of Asset Management, Institutions, and Investors,  
Interim Chief Compliance Officer and Director

#### TYLER MEYRICK

Chief Financial Officer and Director

Front cover photo courtesy of Alex Vartanov.