

# Low Volatility U.S. Equity

INCOME FUND

Fact Sheet  
June 30, 2017

## Fund Data

Inception date:	March 13, 2013
Ticker:	LVU.UN
Units outstanding:	651,798 units
Total Net Asset Value <sup>(1)</sup>	\$6.76 mm
NAV Per Unit <sup>(1)</sup> :	\$10.37
Total Market Capitalization	\$6.65 mm
Market price per unit	\$10.20
Management fee:	1.00% p.a.

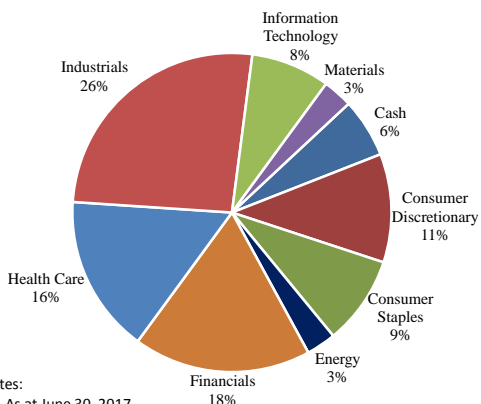
## Distributions

Distribution:	5.0% of NAV p.a.
Most recent distribution <sup>(2)</sup> :	\$0.04849
Distribution frequency:	Monthly
Current yield <sup>(3)</sup> :	5.7%
Cumulative distributions:	\$2.8505

## Top Ten Holdings

Cash	5.9%
Amazon.com, Inc.	5.2%
American Express Company	5.0%
General Dynamics Corp	5.0%
The Allstate Corp	4.9%
United Technologies Corporation	4.9%
Berkshire Hathaway Inc.	4.9%
Lockheed Martin Corporation	4.8%
UnitedHealth Group Incorporated	4.3%
AbbVie Inc.	4.2%

## Sector Allocation



Notes:  
(1) As at June 30, 2017  
(2) June distribution  
(3) Calculated as most recent distribution annualized divided by closing market price on June 30, 2017

## Fund Overview

The Fund is a closed-end investment trust that invests in U.S. equities selected from the S&P 100 Index, with a beta of less than 1.0 and utilizes Strathbridge's proprietary SSO covered call writing strategy to enhance the income generated by the portfolio and to reduce volatility.

## Objectives

The fund's investment objectives are:

- to maximize risk adjusted returns for unitholders; and
- to pay unitholders monthly distributions in an amount targeted to be 5.0 percent per annum on the NAV per Unit

## Rationale

The portfolio is expected to benefit from exposure to U.S. domiciled large capitalization multinational corporations, broad industry diversification relative to the TSX and exhibit lower portfolio volatility relative to the S&P 100. The Fund is appropriate for those investors looking for conservative exposure to U.S. equities while earning attractive distributions.

## Portfolio Manager Commentary – June 2017

Global equity markets for the most part maintained or continued their strong first quarter rally through the second quarter of 2017. The MSCI Emerging Markets Index was one of the strongest performing indices in the second quarter with a total return of 6.4%, while the S&P 500 Index in the U.S. was up 3.1%. Here in Canada, the S&P/TSX Composite Index declined 1.6% as weakness in the energy and materials sectors dragged down the performance.

The Health Care sector was by far the best performing sector in Canada and the U.S. in the second quarter of 2017 with returns of 13.4% and 7.1% respectively. Meanwhile the Energy sector remained the worst performing sector in Canada in the second quarter with a total return of -8.3% while the Telecommunication Services sector was the worst performing sector in the U.S. with a total return of -7.1%.

*Commentary cont'd on next page*

## Portfolio Manager Commentary – cont'd

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The S&P 100 Total Return Index rose during the period ending June 30, 2017 to 2,103.35 vs. 2,049.30 on March 31, 2017. Stocks within the portfolio had varying returns led by Paypal Holdings Inc., which rose 21.2% during the period on the back strong first quarter earnings along with announcing a new \$5 billion share buyback. Walgreens Boots Alliance, Inc. was the laggard during the period as it declined 5.6% while held within the portfolio with most of the decline coming after it was reported that Amazon was buying health-focused grocery chain Whole Foods for US\$13.7 billion.

While volatility remained subdued overall, it spiked for a brief period in the middle in April and May before drifting back toward historically low levels. The call writing activity was opportunistic over the period and took advantage of signals generated by the Strathbridge Selective Overwriting (“SSO”) strategy. The Fund ended June 30, 2017 with 5.0 percent of the Fund subject to covered calls, the same amount as at the end of the previous quarter.

The Fund maintained an average cash position of 5.0% during the period and ended the quarter at 5.9% vs. 5.2% at the end of the previous quarter.

The U.S. dollar was mostly hedged back into Canadian dollars throughout the period and ended June with approximately 100% of the U.S. dollar exposure hedged, helping negate some of the negative impact of the 3.5% decline in the U.S. dollar vs. the Canadian dollar during the quarter.

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## Manager

- ✓ Strathbridge Asset Management Inc., experienced issuer with 10 listed closed-end funds
- ✓ One of Canada’s most experienced option strategy managers, with over 20 years of investment management experience in Canada
- ✓ Proprietary selective call writing strategy utilized to enhance income generated from the portfolio and reduce volatility

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## Forward Looking Information and Disclaimer

This document may contain certain forward-looking statements. These statements may relate to future events or future performance and reflect management's current expectations. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. Although the forward-looking statements are based upon what management believes to be reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. Neither the Funds nor their respective managers assume any obligation to update or revise any forward-looking statement to reflect new events or circumstances. Actual results may differ materially from any forward-looking statement. Historical results and trends should not be taken as indicative of future operations. The Fund is not guaranteed, its value changes frequently and past performance may not be repeated. Unless otherwise indicated and except for returns for period less than one year, the indicated rates of return are the historical annual compounded total returns including changes in security value. All performance data take into account distributions or dividends paid to unitholders but do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns.



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