

Fund Data

Inception date:	October 30, 1996
Ticker (Preferred / Class A share):	PIC.PR.A / PIC.A
Units outstanding:	10,644,266 Units
Total Net Asset Value ⁽¹⁾	\$241.16 mm
NAV Per Preferred Shares ⁽¹⁾ :	\$15.00
NAV Per Class A Shares ⁽¹⁾ :	\$7.66
Total Market Capitalization	\$237.58 mm
Market price Per Preferred Shares	\$15.29
Market price Per Class A Shares	\$7.03
Management fee:	0.90% p.a.

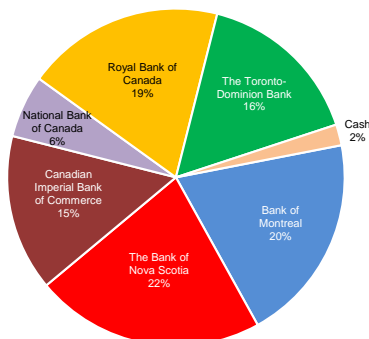
Distributions (Class A share)

Distribution:	\$0.81276 p.a.
Most recent distribution ⁽²⁾ :	\$0.20319
Distribution frequency:	Quarterly
Current yield ⁽³⁾ :	11.6%
Cumulative distributions:	\$23.17975

Top Holding

The Bank of Nova Scotia	21.8%
Bank of Montreal	19.8%
Royal Bank of Canada	18.9%
Toronto-Dominion Bank	16.5%
Canadian Imperial Bank of Commerce	14.7%
National Bank of Canada	6.4%
Cash and Short-term Investments	1.5%

Sector Allocation



Notes:
 (1) As at January 31, 2017
 (2) January distribution
 (3) Calculated as most recent distribution annualized divided by closing market price on January 31, 2017

Fund Overview

The Fund is a split share corporation designed to provide investors with exposure to six Canadian banks. The Fund 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 provide Preferred shareholders with cumulative preferential quarterly cash distributions of \$0.215625 per share, representing an annual yield of 5.75% on the original issue price of the Preferred shares; and
- to provide Class A shareholders with quarterly cash distributions of \$0.20319 per share; and
- to return the original issue price to holders of both preferred share and Class A shares upon windup of the Fund.

Rationale

The six Canadian banks have a history of strong earnings growth, which has resulted in increases in their dividend rates and share price appreciation. The preferred shares are appropriate for an investor looking for a more secure investment than common equities with an attractive distribution. The class A shares are appropriate for an investor seeking a leveraged play on the six banks included in the portfolio while earning attractive distributions.

Portfolio Manager Commentary – January 2017

The Canadian banks were up very strongly during the period, with an average total return of 12.2% for the Big 5 banks, which significantly outperformed the broader S&P/TSX Composite Index's total return of 4.8%. Markets reacted strongly to the election of Donald Trump as the President of the United States and expectations that more favorable fiscal and tax policies along with less regulation will provide growth to the economy. The banks reported fourth quarter earnings during the period with Industry EPS growth of 4.8% year-over-year, aided mostly by stronger trading revenue, better than expected loan growth as well as positive operating leverage.

The banks within the portfolio produced varying returns during the quarter with the National Bank of Canada outperforming the group with a total return of 18.5%. Meanwhile, the Bank of Nova Scotia lagged the group but still posted a total return of 8.9% during the period.

Commentary cont'd on next page

Portfolio Manager Commentary – cont'd

The Bank of Montreal, Canadian Imperial Bank of Commerce and the National Bank of Canada each announced a dividend increase in the quarter, increasing it by 2.3%, 1.8% and 2.5% respectively.

Volatility levels for the Canadian banks remained at the low end of the range for the past few years so the Fund was less active with its covered-call writing strategy during the quarter with an average 4.4% of the portfolio subject to covered-calls.

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

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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