

### Fund Data

Inception date:	December 2, 2005
Ticker (Preferred / Capital Unit):	TXT.PR.A / TXT.UN
Units outstanding:	605,894 Units
Total Net Asset Value <sup>(1)</sup>	\$9.89mm
NAV Per Preferred Shares <sup>(1)</sup> :	\$12.50
NAV Per Capital Unit <sup>(1)</sup> :	\$3.83
Total Market Capitalization	\$9.88 mm
Market price Per Pref Shares	\$12.90
Market price Per Capital Unit	\$3.40
Management fee:	1.10% p.a.

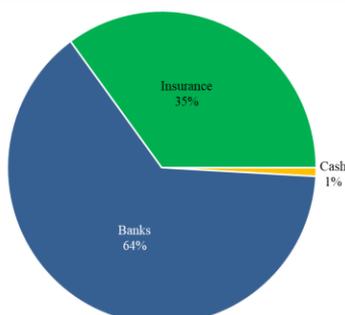
### Distributions (Capital Unit & Preferred Security)

Class A Distribution <sup>(2)</sup> :	\$0.07856
Preferred Distribution <sup>(2)</sup> :	\$0.19531
Distribution frequency:	Quarterly
Current Class A yield <sup>(3)</sup> :	9.24%
Current Preferred yield <sup>(3)</sup> :	6.07%
Cumulative CI A distributions:	\$6.03
Cumulative Pref distributions:	\$12.17

### Top Ten Holdings

Bank of Montreal	12.1%
Canadian Imperial Bank of Commerce	11.5%
National Bank of Canada	11.4%
Great West Lifeco	10.3%
Royal Bank of Canada	10.0%
Toronto Dominion Bank	9.9%
iA Financial	9.5%
Bank of Nova Scotia	9.2%
Sunlife Financial	7.8%
Manulife Financial	7.4%

### Sector Allocation



Notes:  
 (1) As at June 30, 2021  
 (2) June distribution  
 (3) Calculated as most recent distribution annualized divided by closing market price on June 28, 2021 on the capital unit and June 31, 2021 on the preferred share.

### Fund Overview

The Fund is a split share investment trust designed to provide unitholders with exposure to the six largest Canadian banks and four largest Canadian life insurance companies 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:

- Capital Units – (i) to provide holders of Capital Units, upon redemption, with the benefit of any capital appreciation in the market price of the securities in the Fund's portfolio; and (ii) to pay quarterly distributions to holders of Capital Units in an amount targeted to be 7.5% per annum of the NAV per Capital Unit; and
- Preferred Securities – (i) to pay holders of Preferred Securities fixed quarterly cash interest payments equal to 6.25% per annum on the \$12.50 principal amount of a Preferred Security; and (ii) to repay the principal amount of \$12.50 per Preferred Security on the maturity date.

### Rationale

These securities represent the top ten financial service companies in Canada and provide diversified exposure to the sector. The Preferred Securities are appropriate for an investor looking for a more secure investment than common equities with a high level of income. The Capital Units are appropriate for an investor seeking a leveraged play on the ten financial service companies included in the portfolio while earning tax-efficient distributions.

### Portfolio Manager Commentary – June 2021

As of June 30, 2021, the Net Asset Value (NAV) of TXT.PR.A was \$12.50. A quarterly distribution of \$0.19531 was declared and paid to Preferred Security unit holders of record June 15, 2021 representing a yield of 6.25% based on the original issue price of \$12.50.

The June 30, 2021 NAV of TXT.UN was \$3.83, up from \$3.29 March 31, 2021. A quarterly distribution of \$0.07856 per unit was declared and paid to the Class A unitholders of record June 15, 2021 representing a yield of 7.5% based on the NAV.

The capital unit's last trading price on June 28<sup>th</sup> was \$3.40. This represents a \$0.43 discount to its underlying NAV. The preferred security last price for the quarter on June 30<sup>th</sup> was \$12.90 representing a \$0.40 premium to NAV. The combined unit, capital and preferred shares, closed the quarter at a \$ 0.03 discount to NAV.

Commentary cont'd on next page

## Portfolio Manager Commentary – cont'd

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The S&P TSX Composite had a total return of 8.6% over the quarter closing at 20,166 on June 30th. Canadian Financials underperformed the broader Canadian market slightly posting a total return of 8.1% over the same period. The return on an equal weighted basket of the ten portfolio stocks was 6.2%. The total fund return was 5.2%.

The Insurance companies in the portfolio underperformed the Bank holdings over the second quarter with an average return of 0.9% versus 10.0%. CIBC topped the list with a return of 15.8 %. Manulife Financial lagged with a return of -8.8 %.

At the end of June, the indicated dividend yield on the stocks in the fund averaged 3.77 % (equal weight). This was above the bank holdings dividend yield of 3.68% and below of the insurance holdings dividend yield of 3.92 %. The one-year dividend per share growth rate fell 1.76 % points from calendar Q2 2020 to Q2 2021 on average for all the holdings. The one-year earnings per share growth rate was 2.54 (equal weight).

Implied volatility levels in Canadian financial stocks eased off from the low 30's to the mid 20's ending the quarter at around 26%. Volatility as measured by the CBOE Volatility Index ("VIX") continued to decline over the second quarter moving from about 20% to 16%. A healthy spike to the high 20's in the US volatility markets as measured by VIX was a key divergence from the experience of the volatility in Canadian Financial stocks.

Short call positions reach a high of 8.1% over the quarter, averaging 4.2%. The fund did not engage in long call purchases or any put transactions. The fund has an ending cash position of 0.4% averaging 7.9% over the entire quarter.

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## Manager

- ✓ Strathbridge Asset Management Inc., experienced issuer with 4 listed closed-end funds and one mutual fund
- ✓ One of Canada's most experienced option strategy managers, with over 25 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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