

### Fund Data

Inception date:	December 2, 2005
Ticker (Preferred / Capital Unit):	TXT.PR.A / TXT.UN
Units outstanding:	1,112,436 Units
Total Net Asset Value <sup>(1)</sup> :	\$18.35 mm
NAV Per Preferred Shares <sup>(1)</sup> :	\$12.50
NAV Per Capital Unit <sup>(1)</sup> :	\$3.99
Total Market Capitalization	\$18.27 mm
Market price Per Pref Shares	\$12.57
Market price Per Capital Unit	\$3.85
Management fee:	1.10% p.a.

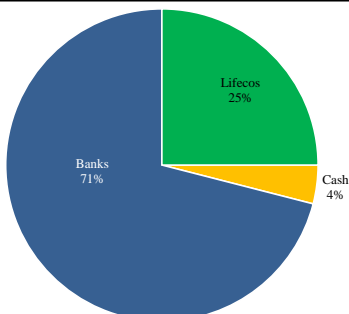
### Distributions (Capital Unit)

Distribution:	7.5% of NAV p.a.
Most recent distribution <sup>(2)</sup> :	\$0.081
Distribution frequency:	Quarterly
Current yield <sup>(3)</sup> :	8.4%
Cumulative distributions:	\$5.5322

### Top Ten Holdings

Canadian Imperial Bank of Commerce	13.3%
The Toronto-Dominion Bank	13.0%
Royal Bank of Canada	12.8%
Bank of Montreal	12.4%
National Bank of Canada	11.3%
The Bank of Nova Scotia	8.3%
Manulife Financial Corporation	6.8%
Sun Life Financial Inc.	6.5%
Great-West Lifeco Inc.	5.8%
Industrial Alliance Insurance and Financial Services Inc.	5.3%

### Sector Allocation



Notes:  
 (1) As at September 28, 2018  
 (2) September distribution  
 (3) Calculated as most recent distribution annualized divided by closing market price on September 28, 2018

### 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 – September 2018

The S&P TSX Composite had a total return of -0.6% during the quarter closing at 16,073 on September 28th. Canadian Financials outperformed the broader Canadian market as the S&P/TSX Capped Financials Index posted a total return of 3.8% over the same period. The return on an equal weighted basket of the ten portfolio stocks was 2.7%. The total fund return was 2.3%.

The S&P/TSX Life and Health Insurance Index underperformed the S&P/TSX Diversified Bank Index Total Return Index over the past quarter with a return of -1.6% versus 4.8%. The standout performer in the portfolio was the Canadian Imperial Bank of Commerce on the upside with a return of 7.0%. The laggard was Sun Life Financial with a return of -1.9%.

*Commentary cont'd on next page*

## Portfolio Manager Commentary – cont'd

---

At the end of June, the indicated dividend yield on the stocks in the fund averaged 3.9% (equal weight). Bank holdings and the insurance holdings both averaged 3.9%. The one-year dividend growth rates from calendar Q3 2017 to Q3 2018 were 8.0% on average for the holdings.

The 30 Day historical volatility in the S&P/TSX Capped Financials ETF started the quarter at a high of just over 8.7%, stabilizing around 7% before hitting a low of about 5.2% mid-July. The historical volatility finished the quarter at around 6%. The fund had an average cash position of 5.3% over the quarter. Average covered call writing strategies decreased from 6.9% to 5.2% as compared to the second quarter. The overwritten position reached a high of 11.5%. The fund held long call positions at the start of the period representing about 0.2% of the fund's market value. These positions were sold to close mid-August.

---

## 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.



121 King Street West, Suite 2600  
Standard Life Centre, P.O. Box 113  
Toronto, ON  
M5H 3T9

Tel: 416-681-3900  
Toll free: 800-725-7172  
Email: [info@strathbridge.com](mailto:info@strathbridge.com)  
[www.strathbridge.com](http://www.strathbridge.com)