



## Fund Data

Inception date:	February 17, 2004
Ticker (Preferred / Class A share):	WFS.PR.A / WFS
Units outstanding:	1,187,743 Units
Total Net Asset Value <sup>(1)</sup>	\$16.14 mm
NAV Per Preferred Shares <sup>(1)</sup> :	\$10.00
NAV Per Class A Shares <sup>(1)</sup> :	\$3.59
Total Market Capitalization	\$16.28 mm
Market price Per Preferred Shares	\$10.10
Market price Per Class A Shares	\$3.60
Management fee:	1.10% p.a.

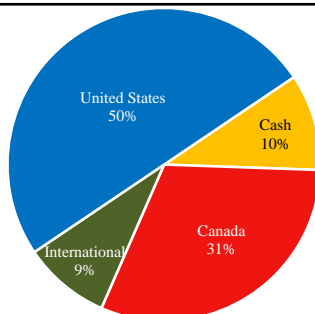
## Distributions (Class A share)

Distribution:	See Note 2
Most recent distribution <sup>(2)</sup> :	Nil
Distribution frequency:	Quarterly
Current yield <sup>(3)</sup> :	Nil
Cumulative distributions:	\$5.541237

## Top Ten Holdings

Cash	10.3%
JPMorgan Chase & Co.	7.5%
Berkshire Hathaway Inc. Cl B	6.5%
Bank of Montreal	6.3%
Royal Bank of Canada	6.2%
U.S. Bancorp	6.0%
Torchmark Corp	5.5%
Aon PLC	5.4%
The PNC Financial Services Group, Inc.	5.3%
The Toronto-Dominion Bank	5.2%

## Sector Allocation<sup>(4)</sup>



(Notes:

(1) As at September 28, 2018

(2) Distributions on the Class A shares have been suspended in accordance with the Prospectus as the NAV per Unit is less than \$15.00

(3) Calculated as most recent distribution annualized divided by closing market price on September 28, 2018

(4) Calculated as percent of gross assets not including other liabilities

## Fund Overview

The Fund is a split share corporation which invests in common equity securities selected from the ten largest financial services companies by market capitalization in each of Canada, the United States and the Rest of the World. 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 holders of Preferred shares with fixed cumulative preferential quarterly cash distributions in the amount of \$0.13125 per Preferred share representing a yield on the issue price of the Preferred shares of 5.25% per annum;
- to provide holders of Class A shares with regular quarterly cash distributions targeted to be 8.0% per annum; and
- to return the issue price to holders of both Preferred Shares and Class A Shares at the time of redemption of such shares on the termination date.

## Rationale

While the global financial services market has experienced one of the worst financial crises in history, the investment manager believes the global financial services sectors are poised to provide strong returns over the next several years. The preferred shares are appropriate for an investor looking for a more secure investment than common equities with a high level of income. The Class A shares are appropriate for an investor seeking a highly leveraged play on the global financial services industry.

## Portfolio Manager Commentary – September 2018

North American markets were mixed in the 3rd quarter, with the Canadian S&P/TSX Index declining 0.6% and the U.S. S&P 500 Index gaining 7.7%. In the Canadian market, 6 of 11 sectors were positive for the quarter, with Health Care leading the way up 31.1% due to strength in the Cannabis sector. The U.S. market saw 8 of 11 sectors with positive performance, also led by Health Care up 14.1%, while the Real Estate, Energy and Materials sectors lagged the broader market with negative returns.

*Commentary cont'd on next page*

## Portfolio Manager Commentary – cont'd

---

During the period, the MSCI World Financial Services Index increased to 120.15 from 117.65. Stocks held within the portfolio had varying returns led by Brookfield Asset Management Inc. which had a total return of 8.2% during the period. At the other end of the spectrum, Northern Trust Corp. declined 8.0% while held in the Fund.

Equity volatility, as measured by the Chicago Board Options Exchange Volatility Index (“VIX”), remained low and traded in a narrow range between 10 and 16 for most of the quarter. The Fund opportunistically wrote call options during the period as the Fund on average had 6.8% of portfolio written during the period vs. 9.5% on average during the previous quarter.

Due to the 7-year extension of the Fund at the end of June as well as the retraction privilege provided to shareholders, the Fund held an average cash position of 11.5% during the period vs. 9.0% during the previous quarter. The U.S. dollar exposure was actively hedged throughout the period and ended the third quarter 75% hedged back into Canadian dollars.

---

## 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)