

Fund Data

Inception date:	October 30, 1996
Ticker (Preferred / Class A share):	PIC.PR.A / PIC.A
Units outstanding:	13,444,291 Units
Total Net Asset Value ⁽¹⁾	\$292.1 mm
NAV Per Class A Shares ⁽¹⁾ :	\$6.73
NAV Per Preferred Shares ⁽¹⁾ :	\$15.00
Total Market Capitalization	\$286.9 mm
Market price Per Class A Shares	\$6.44
Market price Per Preferred Shares	\$14.90
Management fee:	0.90% p.a.

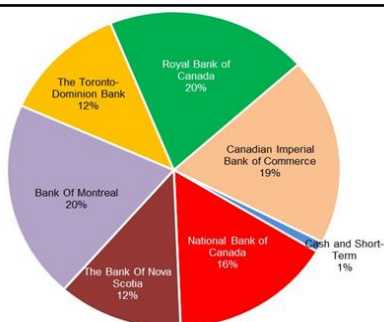
Distributions (Class A & Preferred Share)

Class A distribution:	\$0.81276 p.a.
Preferred distribution:	\$0.8625 p.a.
Most recent Class A distribution: ⁽²⁾	\$0.20319
Most recent Preferred distribution: ⁽²⁾	\$0.215625
Distribution frequency:	Quarterly
Current Class A yield ⁽³⁾ :	12.6%
Current Preferred yield ⁽³⁾ :	5.79%
Cumulative Class A distributions:	\$26.45
Cumulative Preferred distributions:	\$21.56

Top Holdings

Bank of Montreal	20.2%
Royal Bank of Canada	19.6%
Canadian Imperial Bank of Commerce	19.1%
National Bank of Canada	15.7%
The Toronto-Dominion Bank	12.1%
Bank of Nova Scotia	12.1%
Cash & S-T Investments	1.1%

Sector Allocation



Notes:

- (1) As at July 31, 2021
- (2) July distribution
- (3) Calculated as most recent distribution annualized divided by closing market price on July 31, 2021

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:

- a) 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
- b) to provide Class A shareholders with quarterly cash distributions of \$0.20319 per share; and
- c) 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 – July 2021

As of July 30, 2021, the Net Asset Value ("NAV") of the Fund was \$21.73 per unit compared to \$20.89 per unit on April 30, 2021. The Fund's two share classes are listed on the Toronto Stock Exchange as PIC.A and PIC.PR.A. They closed on July 30, 2021 at \$6.44 and \$14.90 respectively which, when combined, represent a 1.8% discount to the Net Asset Value. Distributions totaling \$0.20319sptsx per share were paid to the Class A shareholders and \$0.215625 per share were paid to the Preferred shareholders during the quarter.

Equity markets continue to rally during the fiscal third quarter ending July 30, 2021 as vaccination rates around the world increased significantly and economies continued to open up. The S&P/TSX Composite Index rose 6.9% during the period to bring the year-to-date total return to 18.2%.

The Canadian banks also rose during the quarter with a total return of 5.1% but underperformed the broader market after outperforming the previous three quarters consecutively. The performance of the six banks within the portfolio varied with the Canadian Imperial Bank of Commerce ("CIBC") leading the way with a total return of 14.7% while The Toronto-Dominion Bank ("TD") lagged and was the only bank to post a negative total return for the quarter of -0.9%.

Commentary cont'd on next page

Portfolio Manager Commentary – cont'd

Although no dividend increases or share buybacks were announced during the period, we continue to expect the Canadian banks will be able to restart dividend increases and share buybacks sooner than later.

Volatility levels for the Canadian banks continued to decline as equity markets and the bank shares rallied strongly. As a result, there was no call writing activity over the period as the manager felt there was greater upside in the share prices of the banks compared to the premium generated from call writing. This was the second quarter in a row the Fund had no call writing activity.

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

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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