

Fund Data

Inception date:	May 17, 2007
Ticker (Preferred / Class A share):	SBN.PR.A / SBN
Units outstanding:	821,302 Units
Total Net Asset Value ⁽¹⁾	\$13.34 mm
NAV Per Preferred Shares ⁽¹⁾ :	\$10.00
NAV Per Class A Shares ⁽¹⁾ :	\$6.24
Total Market Capitalization	\$13.10 mm
Market price Per Preferred Shares	\$10.20
Market price Per Class A Shares	\$5.75
Management fee:	1.65% p.a.

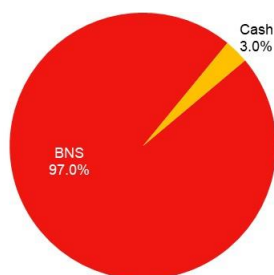
Distributions (Class A & Preferred share)

Class A Distribution:	\$0.00.
Preferred Distribution:	\$0.04375
Distribution frequency:	Monthly
Current Preferred Yield ⁽³⁾ :	5.1%
Current Class A yield ⁽³⁾ :	0.0%
Cumulative Class A distributions:	\$6.42432
Cumulative Pfd distributions:	\$7.54396

Top Holdings

The Bank of Nova Scotia	97.0%
Cash	3.0%

Sector Allocation



Notes:
 (1) As at September 30, 2021
 (2) Distribution paid on September 30, 2021
 (3) Calculated as most recent distribution annualized divided by closing market price on September 30, 2021

Fund Overview

The Fund is a split share corporation which invests in common shares of The Bank of Nova Scotia ("BNS") and utilizes Strathbridge's proprietary SSO covered call writing strategy to enhance the income generated by the shares and to reduce volatility.

Objectives

The fund's investment objectives are:

- Preferred Shares – (i) to provide holders of Preferred Shares with fixed cumulative preferential monthly cash distributions in the amount of \$0.04375 per Preferred Share (\$0.525 per year) representing a yield on the issue price of the Preferred Shares of 5.25% per annum; and (ii) to return the issue price of \$10.00 per Preferred Share to holders of Preferred Shares at the time of redemption of such shares upon Termination of the Fund; and
- Class A Shares – (i) to provide holders of Class A Shares with monthly cash distributions targeted to be 6.00% per annum on the net asset value ("NAV") of the Class A Shares; and (ii) to provide holders of Class A Shares with the opportunity for leveraged growth in NAV and distributions per Class A Share.

Rationale

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 leveraged play on BNS shares.

Portfolio Manager Commentary – September 2021

The Net Asset Value "NAV" of the fund on September 30, 2021 was \$16.24 compared to \$16.94 per unit on June 30, 2021. The fund's two share classes (tickers: SBN and SBN.PR.A) last traded on September 30, 2021 at \$5.75 and \$10.20 respectively which, when combined, represent a \$0.29 discount to the actual net asset value.

A distribution of \$0.13125 was paid to Preferred shareholders during the quarter and a distribution of \$0.035 was paid to the Class A units. The value of BNS shares on September 30, 2021 was \$77.96 compared to \$80.62 on June 30, 2021.

The Bank of Nova Scotia ("BNS") reported adjusted earnings of \$2.00 per share which beat the consensus estimate of \$1.90 per share. This is the sixth consecutive quarter of improving earnings for the bank. Both the domestic and international operations contributed to this growth.

From a valuation perspective, BNS is still lagging its peers on both a Price-to-Earnings and Price-to-Book basis.

Commentary cont'd on next page

Total return for BNS shares this quarter was negative 2.2% this period which put Scotiabank shares ranking second from bottom of the big six banks. The dividend was \$0.90 per share this quarter unchanged from the previous quarter.

The price trend was fairly flat for BNS this quarter in a narrow range and ended slightly weaker than the previous quarter. Implied volatility remained in the low teens. With valuations below its peer group and implied volatility remaining low, the risk appeared to be to the upside in the stock, so the fund remained unwritten with call options.

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.