

Fund Data

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|---|------------------|
| Inception date: | October 30, 1996 |
| Ticker (Preferred / Class A share): | PIC.PR.A / PIC.A |
| Units outstanding: | 9,995,191 Units |
| Total Net Asset Value ⁽¹⁾ | \$222.42 mm |
| NAV Per Preferred Shares ⁽¹⁾ : | \$15.00 |
| NAV Per Class A Shares ⁽¹⁾ : | \$7.25 |
| Total Market Capitalization | \$228.99 mm |
| Market price Per Preferred Shares | \$15.19 |
| Market price Per Class A Shares | \$7.72 |
| Management fee: | 0.90% p.a. |

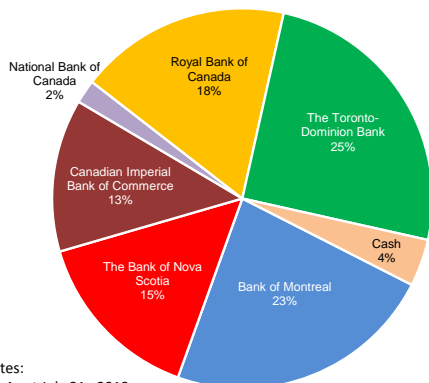
Distributions (Class A share)

| | |
|---|----------------|
| Distribution: | \$0.81276 p.a. |
| Most recent distribution ⁽²⁾ : | \$0.20319 |
| Distribution frequency: | Quarterly |
| Current yield ⁽³⁾ : | 10.5% |
| Cumulative distributions: | \$24.39889 |

Top Holding

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|------------------------------------|-------|
| Toronto-Dominion Bank | 24.4% |
| Bank of Montreal | 22.7% |
| Royal Bank of Canada | 18.2% |
| The Bank of Nova Scotia | 15.0% |
| Canadian Imperial Bank of Commerce | 13.4% |
| Cash | 4.2% |
| National Bank of Canada | 2.0% |

Sector Allocation



Notes:
 (1) As at July 31, 2018
 (2) July distribution
 (3) Calculated as most recent distribution annualized divided by closing market price on July 31, 2018

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:

- 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
- to provide Class A shareholders with quarterly cash distributions of \$0.20319 per share; and
- 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 2018

The Canadian banks rose during the period with the S&P/TSX Diversified Banks Sub Index up 5.1% on a total return basis, underperforming the broader S&P/TSX Composite Index which generated a total return of 6.1% over the same period.

Five of the six banks within the portfolio rose during the quarter with The Toronto-Dominion Bank ("TD"), leading the way with a total return of 8.0%. Meanwhile, the Bank of Nova Scotia ("BNS") lagged the group with a total return of -1.2% during the period, with over \$7 billion of acquisitions announced this year likely weighing on the stock.

Commentary cont'd on next page

Portfolio Manager Commentary – cont'd

The Bank of Montreal and the National Bank of Canada each announced a dividend increase in the quarter, increasing it by 3.2% and 3.3% respectively.

Volatility levels for the Canadian banks were at the low end of the range of the past few years so the Fund was less active with its covered-call writing strategy during the quarter with an average 5.9% of the portfolio subject to covered-calls vs. 11.6% in the previous quarter. The Fund also purchased some call options during the period that amounted to 0.25% of Fund assets.

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.



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