

Fund Data

Inception date:	December 2, 2005
Ticker (Preferred / Capital Unit):	TXT.PR.A / TXT.UN
Units outstanding:	499,532 Units
Total Net Asset Value ⁽¹⁾ :	\$7.35 mm
NAV Per Preferred Security ⁽¹⁾ :	\$12.50
NAV Per Capital Unit ⁽¹⁾ :	\$2.21
Total Market Capitalization:	\$7.19 mm
Market price Per Pref Security:	\$11.60
Market price Per Capital Unit:	\$2.80
Management fee:	1.10% p.a.

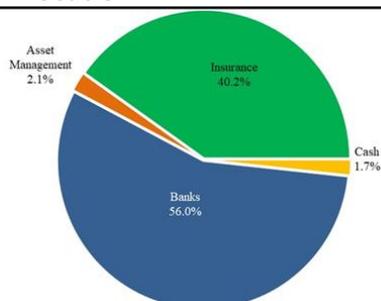
Distributions (Capital Unit & Preferred Security)

Class A Distribution ⁽²⁾ :	\$0.02513
Preferred Distribution ⁽²⁾ :	\$0.19531
Distribution frequency:	Quarterly
Current Class A yield ⁽³⁾ :	3.59%
Current Preferred yield ⁽³⁾ :	6.73%
Cumulative Cl A distributions:	\$6.52
Cumulative Pref distributions:	\$14.12

Top Ten Holdings

Manulife Financial Corp.	12.0%
Canadian Imperial Bank of Commerce	10.9%
National Bank of Canada	10.3%
Royal Bank of Canada	9.8%
Great West Lifeco Inc.	9.8%
iA Financial Corp. Inc.	9.5%
Sun Life Financial Inc.	9.0%
Bank of Montreal	9.0%
Toronto Dominion Bank	8.1%
Bank of Nova Scotia	7.8%

Sector Allocation



Notes:
 (1) As at December 29, 2023
 (2) December 2023 distribution
 (3) Calculated as most recent distribution annualized divided by closing prices on December 29, 2023.

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 an active covered call writing strategy to enhance the income generated by the portfolio and to reduce volatility. In addition, the Fund may write cash covered put options in respect of securities in which it is permitted to invest.

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 – December 2023

As of December 29, 2023, the Net Asset Value (NAV) of TXT.PR.A was \$12.50. A quarterly distribution of \$0.19531 was declared and paid to Preferred Security unit holders of record September 15, 2023, representing a yield of 6.25% based on the original issue price of \$12.50.

The December 29, 2023, NAV of TXT.UN was \$2.21, up from the September 29, 2023, level of \$0.94. A quarterly distribution of \$0.02513 per unit was declared and paid to the Class A unitholders of record September 15, 2023, representing a yield of 7.5% based on the NAV at the time it was declared.

The capital unit's TSX closing price on December 29th was \$2.80. This represents a \$0.59 premium to its underlying NAV. The preferred security closing price for the quarter was \$11.60 representing a \$0.90 discount to NAV.

Portfolio Manager Commentary – cont'd

The combined capital unit and preferred security closed the quarter at a \$0.31 discount to NAV.

The Q4 total fund return was 11.1%. The S&P TSX Composite had a total return of 8.1% over the quarter closing at 20,860 on December 29th. Canadian Financials returned 12.7% over the same period. The return on an equal weighted basket of the ten portfolio stocks was 12.4%. The Banks in the portfolio outperformed the Insurance holdings over the 4th quarter with an average return of 13.1% versus 11.4% respectively. The Canadian Imperial Bank of Commerce led with a return of 23.4%. Sun Life Financial trailed, with a return of 4.9%.

At the end of December, the indicated dividend yield on the stocks in the fund averaged 4.8% (equal weight). The bank holdings dividend yield was 5.0% and the insurance holdings dividend yield was 4.4%. The average one-year dividend per share growth rate was 8.1% for calendar Q3 2022 to Q3 2023.

The CBOE Volatility Index (VIX) started and ended the quarter at 17.6 and 15 respectively. The trend over the quarter was generally lower with two main periods of prices backing up to 26.5 at the end of March and 21.9 mid September.

Short put positions averaged 1.3% over the fourth quarter reaching a high of 3.1%. Calls were not written or purchased. Cash averaged 3.7% with much of that acting as surety for written puts. The cash ended the quarter at 1.7%

Except for a spike to 23.1 & mid September the implied volatility levels in Canadian financial stocks were fairly stable ranging from about 12% to 15%. The fund's had no written call positions over the quarter. The fund engaged in cash covered put writing to a high of 6.7% averaging 5.2% over the quarter. The cash position averaged 7.7 % over the quarter. Net of cash used to collateralize written puts the net cash position averaged around 2.5%.

Manager

- ✓ Mulvihill Capital Management Inc., experienced issuer with 3 listed closed-end funds, one exchange traded fund (“ETF”) 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
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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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