

Lysander-Slater Preferred Share ActivETF

December 2019

SLATER ASSET MANAGEMENT



TSX: PR

Fund Information

Managed by: **Doug Grieve, CIO**
SLATER ASSET MANAGEMENT INC.

INCEPTION
August 10,
2015

AUM
\$84.5 mil
as of
12/31/19

MER
0.85%
as of 6/30/19
(Unaudited)

CURRENT YIELD
(before fees)
5.4%
as of 12/31/19

Objective

The ActivETF seeks to generate income while preserving investor capital by investing primarily in preferred shares of Canadian entities that are listed on a Canadian stock exchange.

Manager's Monthly Commentary

The Lysander-Slater Preferred Share ActivETF ("ETF") posted a remarkable monthly return of 4.08% in December, outperforming the S&P/TSX Preferred Share Index by 160 bps. The strong monthly performance has enabled the ETF to finish the year in positive territory with an annualized return of 2.13%. Since August, the ETF and Preferred Shares have performed well. We feel the fall and early winter rally can be explained by the upward movement in the 5-year GoC bond yield, which finished the year at 1.7%, the highest level since early March. We believe the current 5-year GoC bond yield can be supported by several recent economic developments including; the greater than expected inflation numbers in Canada that were reached in November. In addition, the signing of a "Phase 1" trade deal between the U.S and China has been viewed as positive for the global economy and could result in investors rotating out of treasuries (higher yields) and into more growth oriented asset classes. This should stabilize government yields, both in Canada and the US, which is beneficial for fixed reset Preferred Shares. Despite the recent positive performance in Preferred Shares, we still believe the market is attractive, with many discounted fixed resets offering current yields of over 5.0%, that could increase their dividend upon reset in the coming years (assuming the 5-year bond holds the 1.7% yield). On a historical basis Preferred Share yields (relative to bond yields) continue to be at wide levels and remain attractive.

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Performance as of December 31, 2019

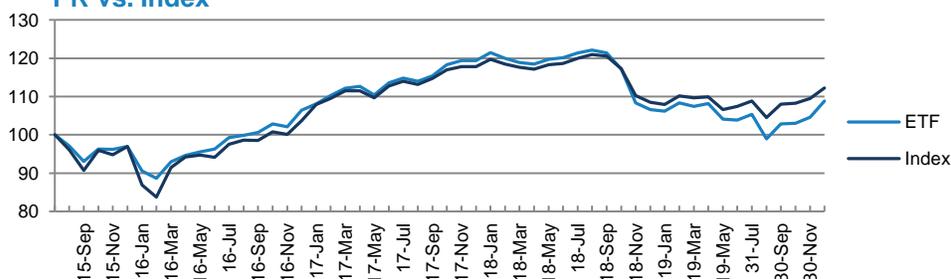
Inception is August 10, 2015

Name	1 Month	3 Month	YTD	1-Year	3-Year	Since Inception
Lysander-Slater Preferred Share ActivETF	4.08%	5.80%	2.13%	2.13%	0.75%	1.94%
S&P/TSX Cdn Preferred Share (TR) Index	2.48%	3.89%	3.48%	3.48%	2.68%	2.67%

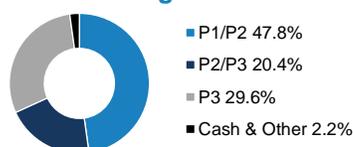
Top 10 Holdings as of December 31, 2019

Name	%
GEORGE WESTON PFD	2.3
CASH AND EQUIVALENT	2.2
PEMBINA PFD	2.1
SUN LIFE FINANCIAL PFD	1.7
CANADIAN UTILITIES PFD	1.7
TC ENERGY PFD	1.7
ALTAGAS PFD	1.6
GEORGE WESTON PFD	1.5
FAIRFAX FINANCIAL PFD	1.5
PEMBINA PFD SERIES 3	1.4
Total	17.7

PR vs. Index



Credit Rating



Structure



Lysander Funds Limited is the investment fund manager of Lysander-Slater Preferred Share ActivETF ("ETF"). This document is not an invitation to invest in the ETF, nor does it constitute a public offering of sale. Commissions, trailing commissions, management fees and expenses all may be associated with ETF investments. The indicated rates of return are based on calculated net asset values per unit, which are net of management fees, operating expenses, and applicable taxes. These returns include changes in unit value and reinvestment of all distributions and do not take into account certain fees such as redemption fees or optional charges or income taxes payable by any securityholder that would have reduced returns. Please read the prospectus before investing. ETFs are not guaranteed, their values change frequently and past performance may not be repeated. You will usually pay brokerage fees to your dealer if you purchase or sell units of the ETF on the Toronto Stock Exchange ("TSX"). If the units are purchased or sold on the TSX, investors may pay more than the current net asset value when buying units of the ETF, and may receive less than the current net asset value when selling them.

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