

# Low Volatility U.S. Equity

INCOME FUND

Fact Sheet  
June 30, 2019

## Fund Data

Inception date:	March 13, 2013
Ticker:	LVU.UN
Units outstanding:	751,112 units
Total Net Asset Value <sup>(1)</sup>	\$3.80 mm
NAV Per Unit <sup>(1)</sup> :	\$5.05
Total Market Capitalization	\$3.67 mm
Market price per unit	\$4.89
Management fee:	1.00% p.a.

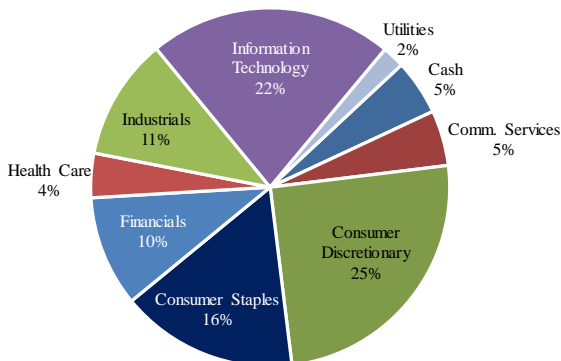
## Distributions

Distribution:	5.0% of NAV p.a.
Most recent distribution <sup>(2)</sup> :	\$0.02255
Distribution frequency:	Monthly
Current yield <sup>(3)</sup> :	5.5%
Cumulative distributions:	\$3.85055

## Top Ten Holdings

Walmart inc.	6.5%
Starbucks Corp	6.3%
The Walt Disney Company	6.3%
The Home Depot Inc.	6.1%
Oracle Corporation	6.1%
McDonald's Corp	6.1%
Microsoft Corporation	5.8%
American Express Company	5.5%
Costco Warehouse Corporation	5.5%
Charter Communications, Inc.	5.4%

## Sector Allocation



## Fund Overview

The Fund is a closed-end investment trust that invests in U.S. equities selected from the S&P 100 Index, with a beta of less than 1.0 and 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 maximize risk adjusted returns for unitholders; and
- to pay unitholders monthly distributions in an amount targeted to be 5.0 percent per annum on the NAV per Unit

## Rationale

The portfolio is expected to benefit from exposure to U.S. domiciled large capitalization multinational corporations, broad industry diversification relative to the TSX and exhibit lower portfolio volatility relative to the S&P 100. The Fund is appropriate for those investors looking for conservative exposure to U.S. equities while earning attractive distributions.

## Portfolio Manager Commentary – June 2019

North American equity markets continued their impressive rally from the first quarter of 2019, albeit volatile as markets rose in April, declined significantly in May and advanced strongly in June. Markets have priced in expectations that central banks around the world would be more accommodative with interest rate cuts. The S&P/TSX Index rose 1.7% while the S&P 500 Index rose 3.8%. In Canada, 7 of 10 sectors were positive for the quarter, with Information Technology leading the way up 14.2%, while Health Care lagged, down 9.4%. The U.S. market saw 10 of 11 sectors generate positive performance, with the Financials sector leading the way, up 7.4%, while Energy was the lone sector to be in the red during the quarter, down 3.7%.

*Commentary cont'd on next page*

Notes:  
(1) As at June 28, 2019  
(2) June distribution  
(3) Calculated as most recent distribution annualized divided by closing market price on June 28, 2019

## Portfolio Manager Commentary – cont'd

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The S&P 100 Total Return Index, measured in CAD dollars, rose during the period ending June 28, 2019 at 3,490.55 vs. 3,419.76 on June 31, 2019. Stocks within the portfolio had varying returns led by Starbucks Corp., which rose 7.1%, during the period. Meanwhile, NextEra Energy, Inc. was the laggard during the period but still posted a positive return of 1.4% while held within the portfolio.

Volatility levels as measured by the CBOE SPX Volatility Index ("VIX") remained low for most of the period other than the brief spike in early May as equity markets pulled back on trade war concerns and the effect on the economy. The manager was opportunistic with the Strathbridge Selective Overwriting ("SSO") strategy as the Fund had on average 19.9% of portfolio written during the period vs. 24.1% on average during the previous quarter.

The Manager reduced the cash position slightly during the period with cash averaging 10.0% for the quarter vs. 13.1% during the previous quarter. The Fund ended the 2nd quarter with a cash position of 4.8%. The U.S. dollar exposure was actively hedged throughout the period and ended the quarter 50% hedged back into Canadian dollars.

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## 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

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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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