

Fund Data

Inception date:	May 17, 2007
Ticker (Preferred / Class A share):	SBN.PR.A / SBN
Units outstanding:	412,473 Units
Total Net Asset Value ⁽¹⁾	\$5.06 mm
NAV Per Preferred Shares ⁽¹⁾ :	\$10.00
NAV Per Class A Shares ⁽¹⁾ :	\$2.28
Total Market Capitalization	\$4.50 mm
Market price Per Preferred Shares	\$8.30
Market price Per Class A Shares	\$2.61
Management fee:	1.65% p.a.

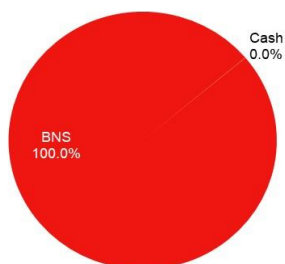
Distributions (Class A & Preferred share)

Class A Distribution:	\$0.00
Preferred Distribution:	\$0.04375
Distribution frequency:	Monthly
Current Class A Yield ⁽³⁾ :	0.0%
Current Preferred yield ⁽³⁾ :	6.32%
Cumulative Class A distributions:	\$6.69682
Cumulative Pfd distributions:	\$8.72521

Top Holdings

The Bank of Nova Scotia	99.98%
Cash	0.02%

Sector Allocation



Notes:
 (1) As at December 29, 2023
 (2) Distribution paid on December 29, 2023
 (3) Calculated as most recent distribution annualized divided by closing market price on December 29, 2023

Fund Overview

The Fund is a split share corporation which invests in common shares of The Bank of Nova Scotia (“BNS”) 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:

- 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 – December 2023

The Net Asset Value “NAV” of the fund on December 29, 2023, was \$12.28 compared to \$11.89 per unit on September 29, 2023. The fund’s two share classes (tickers: SBN and SBN.PR.A) had closing-mid prices on September 29, 2023, at \$2.61 and \$8.30 respectively which, when combined, represent a \$1.37 discount to the actual net asset value.

A distribution of \$0.13125 was paid to Preferred shareholders during the quarter and no distribution was paid to the Class A units per the terms of the Articles of Incorporation. The value of BNS shares on December 29, 2023, was \$64.50 compared to \$60.88 on September 29, 2023.

The Bank of Nova Scotia (“BNS”) reported adjusted earnings of \$1.26 per share which significantly missed the consensus estimate of \$1.65 per share. The bank posted a small increase in revenues, however, earnings per share declined this period as a result of a large provision for credit losses.

Commentary cont’d on next page

Portfolio Manager Commentary – cont'd

Total return for BNS shares this quarter was 5.95% which put its share performance near the bottom of the big-six bank pack. The dividend was maintained at \$1.06 per share this quarter.

The fund did not have any option writing activity in this quarter.

Manager

- ✓ Mulvihill Capital Management Inc., experienced issuer with 4 listed closed-end funds, three exchange traded funds (“ETF”) and one mutual fund
- ✓ One of Canada’s most experienced option strategy managers, with over 27 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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