



Slater Monthly Recap

December 2020

The Canadian Preferred Share market had another outstanding month in December, resulting in total returns of 2.42% for the S&P/TSX Preferred Share Index (the “Index”), 3.75% for Series F of Lysander-Slater Preferred Share Dividend Fund (the “Fund”) and 3.73% for Lysander-Slater Preferred Share *Activ*ETF (the “ETF”). In Q4, Series F of the Fund and the ETF gained 10.34% and 10.33%, respectively, outperforming the Index, which gained 7.31%.

Among the holdings that contributed to price outperformance for each of the Fund and the ETF in December 2020 were: HSE.PR.A (up 17.4%; 0.28% weighting) and HSE.PR.G (up 14.9%; 0.5% weighting). These issues have been rallying since the acquisition by Cenovus was announced in October. Other strong performers included: RY.PR.M (up 9.27%; 0.5% weighting), TRI.PR.B up (8.9%; 1% weighting) and MFC.PR.L (up 8.2%; 1% weighting)¹.

December was a relatively quiet month event-wise, as activity slowed ahead of the holidays. Westcoast Energy (an Enbridge subsidiary) called in its 5.25% floor fixed reset, which had been trading at \$25.27 prior to being called. (Recall that Altagas redeemed its 5.25% floor fixed reset in November). We anticipate further redemption announcements from pipeline companies in the new year, as these issuers are looking for ways to reduce capital spending.

We expect government bond yields to rise in the second half of 2021, brought on by economic recovery following the Coronavirus. We also forecast that approximately \$8 billion in Canadian Preferred Shares will be redeemed this year, with little new issuances to fill the void. An increase in the five-year Canada bond yield, and a significant reduction in supply, should provide a positive backdrop for Preferred Share performance in 2021.

As an active manager, we have the expertise and resources to monitor the Preferred Share landscape and to act quickly to take advantage of the best opportunities for our clients.

We look forward to an exciting year in 2021!

¹ Performance and weightings presented in this paragraph are December monthly performance of each issuer, and portfolio weightings in each of the Fund and the ETF as of December 31, 2020.

Standard Performance (as of December 31, 2020)

	1 YR (%)	3YR (%)	5YR (%)	Since Inception (%)
The Fund Series F	-0.70	-3.29	1.89	0.07 (Dec. 30, 2014)
The ETF	-0.26	-3.12	2.28	1.53 (Aug. 10, 2015)

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Lysander is the investment fund manager of Lysander-Slater Preferred Share Dividend Fund and Lysander-Slater Preferred Share ACTIVETF (collectively, the “Funds”).

Slater is the portfolio manager of the Funds.

In this document, “we”, “us”, and “our” means Slater.

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