



MAY 2021

# Slater Monthly Recap

The Canadian Preferred Share market continued its winning streak in May, marking seven consecutive months of gains. The S&P/TSX Preferred Share Total Return Index (the "Index") gained 3.13% during the month. Series F of Lysander-Slater Preferred Share Dividend Fund (the "Fund") and Lysander-Slater Preferred Share *ActivETF* (the "ETF") outperformed the Index, with a total return of 4.20% and 4.18% during the month, respectively.

Approximately \$2 billion of Preferred Shares was redeemed in May<sup>1</sup>. We believe the proceeds of redemption were largely redeployed back into the Preferred Share market (as they were in April), contributing to the sector's strong performance. A further \$800MM of redemption proceeds is expected to be available in June, which should result in continued upward price movement in the secondary market<sup>2</sup>.

Following our discussion of Shaw Communications Preferred Shares ("Shaw") last month, Rogers Communications' ("Rogers") offer to acquire Shaw was met with overwhelming approval. Prior to the announcement, which was made on May 20, 2021, each of the Fund

---

and ETF held 0.25% of its portfolio in both SJR.PR.A and SJR.PR.B. The shares, which were trading at \$23.60 and \$23.50, respectively, at the time, immediately rose to a small premium, where we sold all the positions. Rogers followed up by exercising its right to require Shaw to redeem its two series of Preferred Shares. As such, Shaw's \$450MM of Preferred Shares will be redeemed on June 30, 2021, adding to the large amount of Preferred Shares that will leave the market in the near term.<sup>3</sup>

Other top performing holdings in each of the Fund and ETF included: Cenovus Energy (CVE.PR.G up 15%; 0.8% weighting; and CVE.PR.E up 8.4%; 0.8% weighting), and TC Energy (TRP.PR.G up 5.4%; 3% weighting; and TRP.PR.E up 10.7%; 0.5% weighting). WTI Crude rose to US\$68 a barrel on the expectation that there may not be enough oil production to satisfy near-term demand once the global economy reopens. This is very positive news for Canadian producers whose common equity and Preferred Shares have rallied in response.

Year-to-date, the top performing sub-sectors, on an average total return basis, have been: fixed resets with reset spreads under 225bps (up 34%), fixed resets with spreads of 225-300bps (up 28%), and floating rate Preferred Shares (up 30%)<sup>3</sup>. Both the Fund and ETF hold over-weighted positions in 225-300bp fixed resets and floating rate Preferred Shares, compared to the Index. It is worth noting that the straight perpetual sub-sector has underperformed with an approximate 6.5%<sup>4</sup> return YTD. We believe that the yield pickup on straight perpetuals is still very attractive, and look for their performance to catch up over the coming months. The Fund and ETF each hold a 20% weighting in straight perpetuals.

As an active manager, we continually seek out the best opportunities in the Preferred Share market. With multiple positive catalysts on the horizon, we remain optimistic about the Fund's and the ETF's performance potential this year.

---

1, 2, 3, 4 Bloomberg Finance L.P.

## STANDARD PERFORMANCE (AS OF MAY 31, 2021)

	1 YR (%)	3YR (%)	5YR (%)	Since Inception (%)
The Fund Series F	52.76%	3.31%	6.64%	3.26% (Dec. 30, 2014)
The ETF	52.9%	3.57%	6.84%	5.04% (Aug. 10, 2015)

Performance information for periods greater than 1 year is annualized.

## DISCLAIMER

This document has been prepared jointly by Lysander Funds Limited ("Lysander") and Slater Asset Management Inc. ("Slater") and solely for information purposes. Information in this document is not intended to constitute legal, tax, securities or investment advice and is made available on an "as is" basis. Neither Lysander nor Slater make any warranties or representations regarding the information herein. Information in this document is subject to change without notice. Neither Lysander nor Slater assume any duty to update any information herein. Certain information in this document has been derived or obtained from sources believed to be trustworthy and/or reliable. Neither Lysander nor Slater assume responsibility for the accuracy, currency, reliability or correctness of any such information.

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.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Investment funds are not guaranteed, their values change frequently, and past performance may not be repeated. The indicated rates of return are historical annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Different series may have different fees payable which may result in series of the same fund having a different rate of returns. 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.

This document may contain forward-looking statements. Statements concerning a fund's or entity's objectives, goals, strategies, intentions, plans, beliefs, expectations and estimates, and the business, operations, financial performance and condition are forward looking statements. The words "believe", "expect", "anticipate", "estimate", "intend", "aims", "may", "will", "would" and similar expressions and the negative of such expressions are intended to identify forward-looking statements, although not all forward-

looking statements contain these identifying words. These forward- looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from current expectations. Readers are cautioned not to place undue reliance on these forward-looking statements. While Lysander and Slater consider these risks and uncertainties to be reasonable based on information currently available, they may prove to be incorrect.

Nothing in this document should be considered a recommendation to buy, sell or short a particular security. Any specific securities discussed are intended as an illustration of the portfolio manager's security selection process. A fund may sell these securities at any time, or purchase securities that have previously been sold. The securities or short positions may increase or decrease in value after the date hereof, and a fund may accordingly gain or lose money on the investment in the securities. The statements by the portfolio manager in their commentaries are intended to illustrate their approach in managing the funds, and should not be relied upon for any other purpose.

The source of all S&P/TSX Indexes is TSX © Copyright 2021 TSX Inc. All Rights Reserved.

®Lysander Funds is a registered trademark of Lysander Funds Limited.