



Q2 2025

Slater Quarterly Recap

The Canadian Preferred Share market had a volatile 2nd quarter but ultimately finished strong with the S&P/TSX Preferred Share Total Return Index (the "Index") up 4.6%. Series F of Lysander-Slater Preferred Share Dividend Fund (the "Fund"), and Lysander-Slater Preferred Share ActivETF (the "ETF") (Ticker "PR") were up 2.5% & 2.6%, respectively for the quarter on a total return basis.

Steady employment and inflation numbers gave both the Bank of Canada ("BoC"), and the U.S Federal Reserve reason to hold their overnight rates steady during Q2. The U.S started a tariff war with almost all countries who they trade with causing inflationary fears & the potential of a global recession. U.S President Trump, quickly delayed many of these tariffs in hopes of striking a more favorable deal for the U.S with a July 9th deadline. Bond yields spiked including the CAD 5-year bond yield which began the quarter at 2.57% & finished at 2.95%.

The defensive positioning for the Fund & the ETF which consisted of 25% cash & equivalents, and 39% in high spread/coupon \$1000 Preferred Shares boded well in April as the Fund & the ETF led in YTD performance (as of April 30th, 2025) amongst all Preferred Share mandates. The Index was down as much as 8% in April, before markets experienced a V shape recovery with the U.S President announcing a pause on tariffs with hopes of striking a trade deal with several countries. Preferred Shares rallied sharply following broader equity markets with the Index up 5.05% in May & 2.77% in June.

SLATER

ASSET MANAGEMENT

SLATER ASSET
MANAGEMENT

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Lysander-Slater Preferred
Share Dividend Fund

[TSX:PR](#)

Lysander-Slater Preferred
Share ActivETF

Canadian Preferred Share redemptions continued to support market performance with six issues being redeemed for an approximate value of CAD \$1.73 billion. Industrial Alliance Financial Group issued a CAD \$400MM 6.435% \$1000 Preferred Share (1K) which was 3.2x oversubscribed. The deal marks the first time an insurance company has raised capital in the \$1000 Preferred Share market. This is exciting news as we could see other insurance companies following suit in the future, and it supports our thesis that the \$1Ks and Limited Recourse Capital Notes (“LRCN”) are the future for Preferred Shares. We find these securities to be attractively priced, liquid, and less volatile than traditional listed Preferred Shares. Both the Fund & the ETF have a 2% weighting in this new issue.

We believe that Preferred Shares will continue to perform well in Q3 2025 (all else equal) for several reasons. Firstly, markets have obtained some clarity over U.S tariffs & economic data has remained stable. Secondly, the CAD 5-year bond yield sits at an attractive level of 2.75-2.95% which could allow upcoming resets to obtain attractive yields. Lastly, supply constraints continue to support performance as Preferred Shares get redeemed and proceeds get reinvested into the secondary market. The Fund & the ETF reduced their cash equivalent position during Q2 from 25% to approximately 7% by the end of June.

Standard Performance (As of June 30, 2025)

	1 YR (%)	3YR (%)	5YR (%)	Since Inception (%)
The Fund Series F	12.8%	8.1%	12.1%	3.7% (Dec. 30, 2014)
The ETF	12.8%	8.1%	12.1%	4.8% (Aug. 10, 2015)

Performance information for periods greater than 1 year is annualized.



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