



## Key Benefits

- To provide a steady income stream through fixed income investing
- Capital preservation while mitigating risk exposure from both an interest rate risk and credit risk perspective
- Diversified portfolio of bonds by sector, issuer and maturity

### Highlights for the Month

- Bond markets in Canada continued to see volatility. Through the month, we saw the Brexit deadline get extended to the end of January, US/China trade war inch closer to a resolution then to inch further apart when China felt a longer term deal seems to be unlikely. Mario Draghi saw his last ECB press conference hinting that lower rates were not necessarily the solution. Bank of Canada did hold interest rates steady this month, while the Fed cut interest rates again (for the 3<sup>rd</sup> time this year). Now Canada has the highest overnight rate amongst the world's major economies at 1.75%. The Canadian yield curve was mixed this month with short end (1-4 years) moving lower from 2bps to 6bps while the rest of the curve moved higher anywhere between 1bp to 6bps. Corporate spreads widened anywhere between 1bp to 5bps across tenors and rating categories.
- The bond universe returned -17bps on the month, while the corporate bond index returned -4bps. The best performing segment was short corporate bonds (+28bps), while the worse performing segment was long federal bonds (-72bps). Canadian High Yield returned +54bps and the BMO Laddered Preferred ETF returned +24bps.
- We outperformed our benchmark for the month as we posted returns of +49bps and +55bps for Series A and M, respectively, while our benchmark returned -3bps. Things that worked well for the month were our interest rate hedges on government bonds, holdings in Superior Plus, Equitable Bank, and MCap Commercial LP, offsetting that slightly was our holdings in energy HY bonds.
- The portfolio's duration was a bit longer at 2.6 years vs. 2.4 years at the end of September as purchase yield was lower at 4.15% vs. 4.27%.

The Kipling Funds are only available for sale to investors who meet the definition of "accredited investor" or who are purchasing under the "Offering Memorandum" exemption, in either case as set forth in National Instrument 45-106 Prospectus and Registration Exemptions, or non-individuals who will be investing a minimum of \$150,000. Please contact us or consult the offering documents to determine your qualification status.

*Investors should take note that certain statements in this report about a fund or strategy, including expected future performance, are forward-looking. Statements that look forward in time or include anything other than historical information are subject to risks and uncertainties, and actual results, actions or events could differ materially from those set forth in the forward-looking statements. Although the forward-looking statements contained herein are based upon what the portfolio manager believes are reasonable assumptions, the portfolio manager cannot assure that actual results will be consistent with these forward-looking statements. Due to ongoing portfolio transactions, the positions discussed in this communication may no longer be held or may be unwound at any time and without notice.*

# KIPLING STRATEGIC INCOME FUND



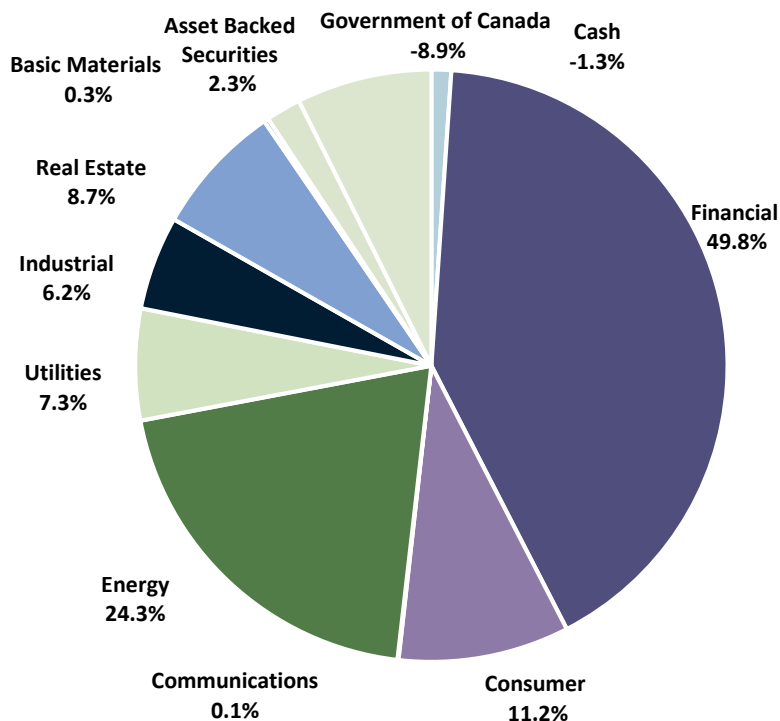
Fund Facts	
Asset Type	Fixed Income
Inception	August 5, 2016
NAV(\$)/A/M Series	\$10.23 / \$10.30
Distribution (\$)	\$0.35/annum
Distribution Frequency	Monthly

Fund Terms	
Min Initial Investment (\$)	\$150,000
Min Subsequent Investment (\$)	\$5,000
Redemptions	Weekly

Portfolio Metrics	
# of Holdings	85
Duration (Years)	2.56
Purchase Yield (%)	4.15%

Top 10 Holdings	Weight
Enbridge Inc. Commercial Paper 12/06/2019	6.3%
First National Financial 4.01% 04/09/2020	5.3%
MCAP Commercial LP 4.151% 06/17/2024	5.2%
Equitable Bank 2.948% 26/09/2022	5.1%
H&R Reit 2.923% 05/06/2022	3.6%
Brookfield Property Finance ULC 4.3% 03/01/2024	3.2%
First Capital Realty Inc 3.604% 05/06/2026	3.1%
Empire Life Insurance 3.383% 12/16/2026	3.1%
Parkland Fuel Corp 5.5% 28/05/2021	3.1%
Equitable Bank 3.198% 16/04/2021	3.1%

## Sector Allocation



## Credit Quality Allocation (%)

As of 10/31/2019

AAA	-7.3%
AA	0.5%
A	8.5%
BBB	75.3%
BB and lower	20.5%
Not Rated	3.8%
Cash	-1.3%

## Asset Type Allocation (%)

As of 10/31/2019

Investment Grade Corporate Bonds	75.3%
High-Yield Bonds	19.3%
Convertible Bonds	3.3%
Preferred Shares	3.4%
Cash	-1.3%

	NAV	1mth	3mth	6mth	YTD	1yr	2yr	3yr	2018	2017	Inception** (Annualized)
A Series (CAD)	\$10.23	0.49%	0.81%	2.22%	5.55%	5.40%	3.96%	4.15%	2.01%	4.19%	4.43% (Aug 5, 2016)
M Series (CAD)	\$10.30	0.54%	0.97%	2.52%	6.07%	6.03%	4.58%	4.77%	2.63%	4.79%	5.04% (Aug 5, 2016)
Benchmark		-0.03%	0.67%	2.55%	6.13%	7.87%	3.67%	2.35%	1.06%	1.47%	2.18%

Data shown is as of October 31, 2019. Pricing from SVC/PC Bond, Statpro, and IDC. Duration and credit ratings are from Bloomberg.

\*\*Net of fees

The objective of the Kipling Strategic Income Fund (the "Fund") is to provide unitholders with a steady income while preserving capital and mitigating risk exposure. The Fund will invest across the full spectrum of publicly traded fixed income instruments including: investment grade and non-investment grade corporate bonds, other fixed income investments including money market and government bonds, convertible securities, preferred shares, derivative products and exchange traded funds. The Fund is managed by Cumberland Investment Counsel Inc. pursuant to an Investment Advisory Agreement entered with NCM Asset Management Ltd., the Manager. Cumberland Investment Counsel Inc. and Cumberland Private Wealth Management Inc. are affiliates of the Manager as they are wholly owned by Cumberland Partners Limited. The fund benchmark is comprised of 50% of the iShares Canadian Bond Fund ETF and 50% of the iShares Canadian 1-5 Year Laddered Corporate Bond Index ETF.

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