

Kipling Strategic Income Fund

as at August 31, 2020



CUMBERLAND
Private Wealth

Key Benefits

Provides 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.

Canadian corporate bond new issuance totalled about \$7.2 billion for the month of August, 16% more issuance than August 2019. The Bank of Canada did not buy any corporate bonds during the month of August as the new issuances were well oversubscribed as investors were searching for yield. The yield curve steepened though, with rates moving higher as much as 25bps in the long end. Corporate spreads tightened in as much as 19bps, with BBB short end product performing the best. The bond universe returned -113bps while the corporate bond index returned -51bps, while the short bond index returned 9bps. Canadian High Yield returned 205bps. The Fund performed well from Precision Drilling 21s, MCAP Commercial LP, Superior Plus, First National and our shorts on Government of Canada bonds.

Portfolio Risk

Low

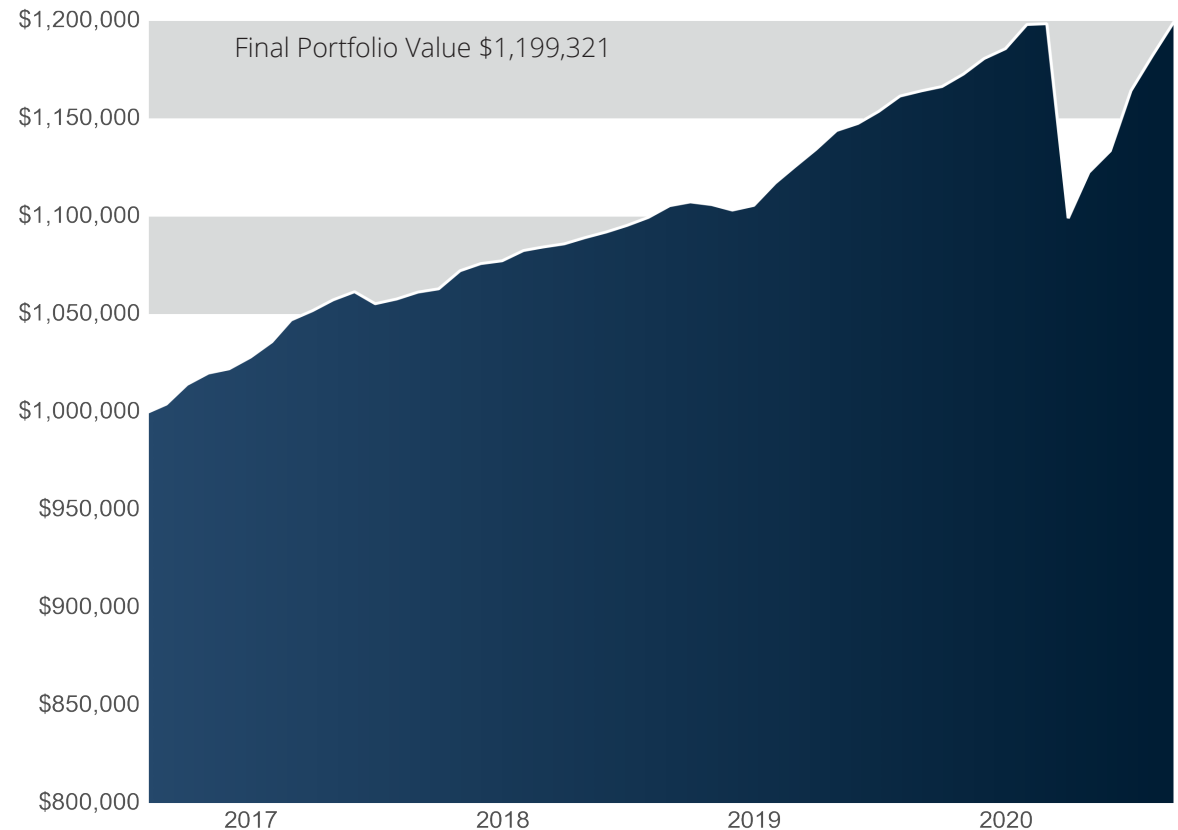
Low to
Medium

Medium

Medium to
High

High

Value of a \$1,000,000 Portfolio



The cumulative return shown is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the investment fund or returns on investment in the investment fund. 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 in the Fund. Cumberland Investment Counsel Inc. (CIC) provides this commentary to clients for informational purposes only. The information contained herein is based on sources that we believe to be reliable, but may change without notice. The comments included in this document are general in nature, and professional legal, accounting, tax and investment advice regarding an individual's particular investment needs and circumstances should be obtained. This presentation does not constitute an offer to sell or solicitation of an offer to buy a security in any jurisdiction. Past performance is not indicative of future results. Cumberland Private Wealth Management Inc. (CPWM) is a Member of the Investment Industry Regulatory Organization of Canada and is a Member of the Canadian Investor Protection Fund. Cumberland Private Wealth is the registered trade name for CPWM and CIC. The Fund is managed by CIC pursuant to an Investment Advisory Agreement entered with NCM Asset Management Ltd. (NCM), the Manager. CIC and CPWM are affiliates of the Manager as they are each wholly owned by Cumberland Partners Limited. All data has been provided by NCM.

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Fund Facts

Asset Class	Fixed Income
Inception Date	August 5, 2016
Distribution	Annual \$0.336 / Paid Monthly

Top 10 Holdings

	Weight
MCAP COML LP 4.151 JUN 17 24	4.4%
Superior Plus L.P., Callable 5.250% 27 February 2024	4.3%
FIRST NATL FINL CORP 3.582 NOV 25 24	4.1%
FORD CR CDA LTD 2.710 FEB 23 22	3.8%
H&R REIT 2.923 MAY 06 22	3.7%
CENTRAL 1 CR UN 2.600 NOV 07 22	3.5%
EQUITABLE BK CDA 2.948 SEP 26 22	3.5%
TRANSCANADA TR FLTG 4.650 MAY 18 77	3.4%
MORGUARD CORP 4.013 NOV 18 20	3.4%
CHIP MTG TR 2.981 NOV 15 21	3.3%

Portfolio Metrics³

	Fund
Long / Short Positions	87 / 2
Yield to Maturity	3.9%
Duration	2.2
Purchase Yield	4.4%

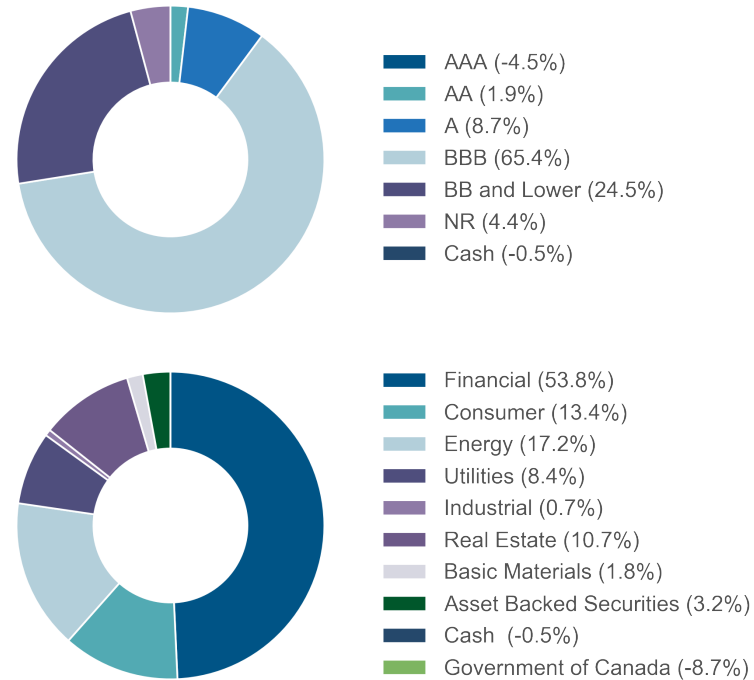
Asset Type Allocation

Investment Grade Bonds	64.5%
High Yield Bonds	23.4%
Convertible Bonds	4.0%
Preferred Shares	8.6%
Cash	-0.5%

Portfolio Statistics⁴

	Fund	Benchmark ⁵
Up Months / Avg. Return	44 / 0.6%	32 / 0.8%
Down Months / Avg. Return	4 / -2.3%	16 / -0.7%
Best 3 Month Return	Jun20 / 5.9%	Jun20 / 5.1%
Worst 3 Month Return	Mar20 / -7.3%	Dec16 / -1.9%
Standard Deviation	4.8%	3.3%
Sharpe Ratio	0.94	1.05
Beta	0.86	-
Tracking Error	4.0%	-

How the Fund Invests



Performance

Trailing Returns	NAV	1 Month	3 Month	6 Month	1 Year	3 Year ¹	5 Year ¹	10 Year ¹	Inception ¹
Series A	\$10.02	1.4%	5.7%	-0.2%	2.4%	3.5%	-	-	3.9%
Series M	\$10.15	1.5%	5.8%	0.1%	3.0%	4.2%	-	-	4.6%

Calendar Year Returns

	2020 YTD	2019	2018	2017	2016
Series A	0.7%	6.6%	2.0%	4.2%	2.6% ²
Series M	1.1%	7.2%	2.6%	4.8%	2.8% ²

2. Partial Year

1. Annualized return. 2. 2016 Return begins at Fund inception. 3. Portfolio Metrics are sourced from CapitalIQ. 4. Portfolio Statistics are calculated on Series M since inception. 5. Benchmark: 50% FTSE Canada Universe Bond Index/50% FTSE Canada IG Corporate 1-5Y Index (100% Long). The benchmark represents the primary investment universe of the Fund, but may have a longer duration relative to the Fund's bond allocation which has a short duration bias. The Fund may also invest, to a lesser extent, in money market bonds or equivalents, high yield bonds, convertible bonds and preferred shares which are not represented in the benchmark. 6. Risk level is determined using the Fund's ten-year standard deviation. If a Fund does not have ten years of performance history, the risk level is calculated using the Fund's actual return history and the return history of its benchmark (which is expected to reasonably approximate the Fund's standard deviation) for the remainder of the ten year period.