

Expand your options

DYNAMIC PREMIUM YIELD FUND



Introducing Dynamic Premium Yield Fund

This Fund features a flexible investment strategy focused on acquiring quality U.S. equities at attractive valuations while also generating stable income through an options writing strategy, and delivering systematic downside protection and capital preservation.

How it works

The Fund aims to provide the potential for capital appreciation primarily by investing directly in equity securities and writing options that provide valuable premiums. In addition, the systematic downside protection in place helps the Fund offer a defensive, low volatility alternative.

A meticulously managed strategy

- Select quality stocks based on thorough fundamental and quantitative (“*quantamental*”) analysis
- Implement an options strategy to enhance the decision of buy, sell, or hold
- Write put and/or covered call options on quality stocks with robust premiums
- Employ strategies to help reduce portfolio volatility
- By buying protective puts on the entire market, such as the S&P 500 ETF

It's good to have options: key benefits



Higher Yield

Provide investors with a stable monthly income offering a yield of 7%* (Series F).



Low Volatility

The addition of an options strategy to a portfolio can help lower volatility.



Diversification

Options strategies, specifically writing short-dated covered calls/puts, historically have shown minimal sensitivity to interest rates and zero-to-negative correlation to bonds.



Systematic Downside Protection

The Fund uses two mechanisms:

1. Writing puts typically at a mid-single-digit to low-teen-digit percentage below the current stock price provides a built-in safety margin in the event a stock's price declines.
2. To further hedge equity risk, the Fund generally invests up to 20% of the options premiums collected by buying put options on various broad-based ETFs.

* Monthly distribution yields may fluctuate as the month end NAVPU changes. A Fund's distribution yield should not be confused with its performance or rate of return.



An options strategy you can understand

Dynamic Premium Yield Fund collects premiums while owning a portfolio of quality stocks. Here's how the process works:



Proprietary equity research process

The team focuses on buying quality companies with moderate growth and reasonable valuation as determined through their *quantamental* investment process.



Writing put options

The team writes put options to acquire desirable stocks typically at a mid-single-digit to low-teen-digit percentage discount to the current stock price. The put-writing strategy serves two purposes: potentially acquire quality stocks at a discounted price and generate income from the premium collected for writing the option.



Buy and hold until full valuation

If the put option is assigned (exercised by the buyer), the team adds an attractively priced quality stock to its portfolio. The stock is then held until it reaches the team's estimate of fair value.



Writing call options

When fair value is reached, the team can potentially write a covered-call option. If the stock is called away, the Fund will have earned both the premium income for writing the call and sold the security at fair value. If the call expires, the Fund still collects the option premium and retains a quality stock in its portfolio.

Experienced management



Damian Hoang, B.A.Sc., MBA
Vice President & Portfolio Manager

- Joined Dynamic in May 2012
- Co-manages funds using options strategies totalling over \$12 billion
- Researched, developed and is deploying fundamental and quantitative ("*quantamental*") strategies and techniques
- Has past experience in both structuring and executing complex hedging and yield-enhancement strategies



Derek Bastien, B.Sc., CFA
Portfolio Manager

- Joined the Quantamental team in 2014
- Undertakes fundamental analysis on the Health Care, Materials, Energy and Communication Services sectors
- Structures and analyzes derivative-based strategies and performs quantitative analysis
- Played an integral role in assisting Damian in building the infrastructure needed to manage their options-based strategies

Contact your Financial Advisor to learn more.

Customer Relations Centre

Toll free: 1-800-268-8186

Tel: 514-908-3212 (English)
514-908-3217 (French)

Fax: 416-363-4179 or 1-800-361-4768

Email: service@dynamic.ca

dynamic.ca

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