

This prospectus supplement together with the short form base shelf prospectus to which it relates dated August 7, 2024, as amended or supplemented, and each document incorporated or deemed to be incorporated by reference herein and in the short form base shelf prospectus, as amended or supplemented, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

Information has been incorporated by reference in this prospectus supplement and the accompanying short form base shelf prospectus dated August 7, 2024 from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of Mulvihill Capital Management Inc., the manager of the issuer, at 121 King Street West, Suite 2600, P.O. Box 113, Toronto, Ontario, M5H 3T9 or info@mulvihill.com or by calling 416.681.3966, toll-free at 1.800.725.7172 and are also available electronically at www.sedarplus.ca.

New Issue

PROSPECTUS SUPPLEMENT
(To a Short Form Base Shelf Prospectus dated August 7, 2024)

October 30, 2024

PREMIUM INCOME
C O R P O R A T I O N

\$65,250,000 (Maximum)
Up to 4,350,000 Preferred Shares

This prospectus supplement (this “Prospectus Supplement”), together with the short form base shelf prospectus dated August 7, 2024, qualifies the distribution of up to 4,350,000 preferred shares (the “Preferred Shares”) of Premium Income Corporation (the “Fund”) at a price of \$15.00 per Preferred Share (the “Offering”). The Fund is a mutual fund corporation incorporated under the laws of the Province of Ontario.

The Fund invests in a portfolio (the “Portfolio”) consisting principally of common shares of Bank of Montreal, Canadian Imperial Bank of Commerce, National Bank of Canada, Royal Bank of Canada, The Bank of Nova Scotia and The Toronto-Dominion Bank (collectively, the “Banks”).

The Preferred Shares are listed for trading on the Toronto Stock Exchange (the “TSX”) under the symbol “PIC.PR.A”. On October 29, 2024, the closing price on the TSX of the Preferred Shares was \$15.16. The Preferred Shares and class A shares (the “Class A Shares”) of the Fund are generally issued on the basis that an equal number of Preferred Shares and Class A Shares will be outstanding. The most recently calculated NAV per Unit (as defined herein) prior to the pricing of the Offering on October 24, 2024 was \$19.25. The TSX has conditionally approved the listing of the Preferred Shares offered hereby. Listing will be subject to the Fund fulfilling all of the listing requirements of the TSX on or before January 30, 2025.

**Price: \$15.00 per Preferred
Share**

	Price to the Public ⁽¹⁾	Agents' Fee	Net Proceeds to the Fund ⁽²⁾
Per Preferred Share Total	\$15.00	\$0.45	\$14.55
Maximum Offering ⁽³⁾⁽⁴⁾	\$65,250,000	\$1,957,500	\$63,292,500

Notes:

- (1) The Offering price were established by negotiation between the Fund and the Agents (as defined herein).
- (2) Before deducting the expenses of the Offering which are estimated to be \$150,000. Such expenses, together with the Agents' fee, will be paid out of the proceeds of the Offering, provided however that the expenses of the Offering to be borne by the Fund shall not exceed 1.5% of the gross proceeds of the Offering. Any such excess expenses shall be paid for by Mulvihill Capital Management Inc., the manager of the Fund. As a result of the priority of the Preferred Shares, the expenses of the Offering will effectively be borne by holders

of the Class A Shares (for so long as the NAV per Unit exceeds the Preferred Share Offering price plus accrued and unpaid distributions thereon) and the NAV per Class A Share will reflect the expenses of the Offering.

- (3) **There is no minimum amount of funds that must be raised under this Offering. This means that the Fund could complete this Offering after raising only a small portion of the offering amount set out above.**

National Bank Financial Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., Scotia Capital Inc., BMO Nesbitt Burns Inc, Hampton Securities Limited, Canaccord Genuity Corp., iA Private Wealth Inc., Raymond James Ltd. and Wellington-Altus Private Wealth Inc. (collectively, the “Agents”) conditionally offer the Preferred Shares, subject to prior sale, on a best efforts basis, if, as and when issued by the Fund and accepted by the Agents in accordance with the conditions contained in the Agency Agreement and subject to the approval of certain legal matters by Osler, Hoskin & Harcourt LLP, on behalf of the Fund, and Blake, Cassels & Graydon LLP, on behalf of the Agents. Subject to applicable laws, in connection with the Offering, the Agents may effect transactions which stabilize or maintain the market price of the Preferred Shares at a level above that which might otherwise prevail in the open market as described under “*Plan of Distribution*”.

An investment in the Preferred Shares involves a degree of risk. It is important for prospective investors to consider the risk factors described in this Prospectus Supplement and the Prospectus (as defined herein). See “*Risk Factors*”. **The earnings coverage ratio for the Fund for the year ended October 31, 2023 was less than 1:1.** See “*Earnings Coverage Ratios*”.

Subscriptions will be received for the Preferred Shares offered hereby, subject to rejection or allotment in whole or in part, and the right is reserved to close the subscription books at any time without notice. Closing of the Offering is expected to take place on November 6, 2024 but in any event no later than November 27, 2024. A purchaser of Preferred Shares will receive only a customer confirmation from the registered dealer who is a CDS participant and from or through whom the Preferred Shares are purchased.

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GLOSSARY OF TERMS

In this Prospectus Supplement, the following terms have the meanings set forth below, unless otherwise indicated. Unless otherwise indicated, all references to dollar amounts in this Prospectus Supplement are to Canadian dollars.

“**1933 Act**” means the United States *Securities Act of 1933*, as it may be amended from time to time.

“**April 2024 Proposed Tax Amendments**” has the meaning given to such term under “*Canadian Federal Income Tax Considerations – Tax Treatment of the Fund*”.

“**August ATM Offering**” has the meaning given to such term under “*The Fund*” in this Prospectus Supplement.

“**August Equity Distribution Agreement**” has the meaning given to such term under “*The Fund*” in this Prospectus Supplement.

“**Banks**” means collectively, Bank of Montreal, Canadian Imperial Bank of Commerce, National Bank of Canada, Royal Bank of Canada, The Bank of Nova Scotia and The Toronto-Dominion Bank.

“**Board of Directors**” means the board of directors of the Fund.

“**Business Day**” means any day on which the TSX is open for business.

“**Capital Gains Dividends**” has the meaning given to such term under “*Canadian Federal Income Tax Considerations – Tax Treatment of the Fund*” in this Prospectus Supplement.

“**cash equivalents**” means, and for the purposes of “cash cover” and “cash covered put option”, “cash” as used therein means:

- (a) cash on deposit at the Fund’s custodian;
 - (b) an evidence of indebtedness that has a remaining term to maturity of 365 days or less and that is issued, or fully and unconditionally guaranteed as to principal and interest, by:
 - (i) any of the federal or provincial Governments of Canada;
 - (ii) the Government of the United States; or
 - (iii) a Canadian financial institution;
- provided that, in the case of (ii) and (iii), such evidence of indebtedness has a rating of at least R-1 (mid) by Morningstar DBRS or the equivalent rating from another designated rating organization; or
- (c) other cash cover as defined in NI 81-102.

“**CCPC**” has the meaning given to such term under “*Canadian Federal Income Tax Considerations – Disposition of Shares*” in this Prospectus Supplement.

“**CDS**” means CDS Clearing and Depository Services Inc.

“**CDS Participant**” means a participant in CDS.

“**Class A Market Price**” means the weighted average trading price of the Class A Shares on the principal stock exchange on which the Class A Shares are listed (or, if the Class A Shares are not listed on any stock exchange, on the principal market on which the Class A Shares are quoted for trading) for the 10 trading days immediately preceding the applicable Valuation Date.

“**Class A Share**” means a transferable, redeemable class A share of the Fund.

“**Class B Share**” means a transferable, redeemable class B share of the Fund.

“**Consolidation**” has the meaning given to such term under “*The Fund*” in this Prospectus Supplement.

“**CRA**” has the meaning given to such term under “*Canadian Federal Income Tax Considerations – Tax Treatment of the Fund*” in this Prospectus Supplement.

“**Dividend Payment Date**” means the last day of January, April, July and October in each year.

“**EIFEL Rules**” has the meaning given to such term under “*Canadian Federal Income Tax Considerations – Tax Treatment of the Fund*” in this Prospectus Supplement.

“**FHSA**” has the meaning given to such term under “*Eligibility for Investment*” in this Prospectus Supplement.

“**Fund**” means Premium Income Corporation, a mutual fund corporation incorporated under the laws of the Province of Ontario.

“**IFRS**” has the meaning given to such term under “*Earnings Coverage Ratio*” in this Prospectus Supplement.

“**Investment Objectives**” means the investment objectives of the Fund described under “*The Fund – Investment Objectives*” in this Prospectus Supplement.

“**Investment Restrictions**” means the investment restrictions of the Fund, including without limitation those described under “*The Fund – Investment Restrictions*” in this Prospectus Supplement.

“**Investment Strategies**” means the investment strategies of the Fund described under “*The Fund – Investment Strategies*” in this Prospectus Supplement.

“**January ATM Offering**” has the meaning given to such term under “*The Fund*” in this Prospectus Supplement.

“**January Equity Distribution Agreement**” has the meaning given to such term under “*The Fund*” in this Prospectus Supplement.

“**Manager**” means Mulvihill Capital Management Inc., in its capacity as manager and investment manager of the Fund.

“**NAV**” means net asset value.

“**NAV of the Fund**” means (i) the aggregate value of the assets of the Fund, less (ii) the aggregate value of the liabilities of the Fund (the Preferred Shares will not be treated as liabilities for these purposes), including any distributions declared and not paid that are payable to Shareholders on or before such date, less (iii) the stated capital of the Class B Shares (\$1,000) as described in the current annual information form of the Fund.

“**NAV per Unit**” means the NAV of the Fund divided by the number of Units then outstanding.

“**NI 81-102**” means National Instrument 81-102 – *Investment Funds*.

“**NI 81-106**” means National Instrument 81-106 – *Investment Fund Continuous Disclosure*.

“**Offering**” means the offering of up to 4,350,000 of Preferred Shares as contemplated in this Prospectus Supplement.

“**Ordinary Dividends**” has the meaning given to such term under “*Canadian Federal Income Tax Considerations – Tax Treatment of the Fund*” in this Prospectus Supplement.

“**Period**” has the meaning given to such term under “*Canadian Federal Income Tax Considerations – Proposed Amendments to the Capital Gains Inclusion Rate and the Capital Losses Deduction Rate*” in this Prospectus Supplement.

“Period 1” has the meaning given to such term under *“Canadian Federal Income Tax Considerations – Proposed Amendments to the Capital Gains Inclusion Rate and the Capital Losses Deduction Rate”* in this Prospectus Supplement.

“Period 2” has the meaning given to such term under *“Canadian Federal Income Tax Considerations – Proposed Amendments to the Capital Gains Inclusion Rate and the Capital Losses Deduction Rate”* in this Prospectus Supplement.

“Portfolio” means the Fund’s investment portfolio.

“Potential Redemption Date” means November 1, 2024, as extended by the Board of Directors of the Fund to November 1, 2031 and thereafter a day that is the seventh year anniversary date of the immediately preceding potential date of redemption.

“Preferred Market Price” means the weighted average trading price of the Preferred Shares on the principal stock exchange on which the Preferred Shares are listed (or, if the Preferred Shares are not listed on any stock exchange, on the principal market on which the Preferred Shares are quoted for trading) for the 10 trading days immediately preceding the applicable Valuation Date.

“Preferred Share” means a transferable, redeemable preferred share of the Fund.

“Prospectus” means the short form base shelf prospectus of the Fund dated August 7, 2024, as amended or supplemented.

“Prospectus Supplement” means this prospectus supplement of the Fund dated October 30, 2024.

“RDSP” has the meaning given to such term under *“Eligibility for Investment”* in this Prospectus Supplement.

“Recirculation Agent” has the meaning given to such term under *“Description of the Preferred Shares of the Fund – Retraction Privileges – Resale of Preferred Shares Tendered for Retraction”* in this Prospectus Supplement.

“Recirculation Agreement” has the meaning given to such term under *“Description of the Shares of the Fund – Preferred Shares – Resale of Preferred Shares Tendered for Retraction”* in this Prospectus Supplement.

“Redemption Date” means November 1, 2024, as extended by the Board of Directors of the Fund to November 1, 2031, subject to extension for successive terms of up to seven years as determined by the Board of Directors. See *“The Fund – Redemption Date”* in this Prospectus Supplement.

“Registered Plans” has the meaning given to such term under *“Eligibility for Investment”* in this Prospectus Supplement.

“RESP” has the meaning given to such term under *“Eligibility for Investment”* in this Prospectus Supplement.

“Retraction Payment Date” has the meaning given to such term under *“Description of the Preferred Shares of the Fund”* in this Prospectus Supplement.

“RRIF” has the meaning given to such term under *“Eligibility for Investment”* in this Prospectus Supplement.

“RRSP” has the meaning given to such term under *“Eligibility for Investment”* in this Prospectus Supplement.

“September 23 Tax Amendments” has the meaning given to such term under *“Canadian Federal Income Tax Considerations – Proposed Amendments to the Capital Gains Inclusion Rate and the Capital Losses Deduction Rate”* in this Prospectus Supplement.

“Shareholder” means a holder of a Preferred Share of the Fund.

“Special Retraction Date” means each Potential Redemption Date.

“**Tax Act**” means the *Income Tax Act* (Canada) as the same may be amended from time to time.

“**TFSA**” has the meaning given to such term under “*Eligibility for Investment*” in this Prospectus Supplement.

“**Transition Year**” has the meaning given to such term under “*Canadian Federal Income Tax Considerations – Proposed Amendments to the Capital Gains Inclusion Rate and the Capital Losses Deduction Rate*” in this Prospectus Supplement.

“**TSX**” means the Toronto Stock Exchange.

“**Unit**” means a notional unit consisting of one Preferred Share and one Class A Share.

“**Unit Market Price**” means the sum of the Class A Market Price and the Preferred Market Price.

“**United States**” means the United States of America, its territories and possessions.

“**U.S. person**” has the meaning given to such term in Regulation S under the 1933 Act.

“**Valuation Date**” has the meaning given to such term under “*Description of the Preferred Shares of the Fund*” in this Prospectus Supplement.

“**\$**” means Canadian dollars unless otherwise indicated.

IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING SHORT FORM BASE SHELF PROSPECTUS

This document is in two parts. The first part is the Prospectus Supplement, which describes certain terms of the Preferred Shares the Fund is offering and also adds to and updates certain information contained in the Prospectus and the documents incorporated by reference herein and therein. The second part is the Prospectus, which provides more general information. The accompanying short form base shelf prospectus is referred to as the “Prospectus” in this Prospectus Supplement.

If the description of the Preferred Shares varies between this Prospectus Supplement and the Prospectus, you should rely on the information in this Prospectus Supplement.

FORWARD LOOKING STATEMENTS

Certain of the statements in this Prospectus Supplement are forward-looking statements, including those identified by the expressions “anticipate”, “believe”, “plan”, “estimate”, “expect”, “intend” and similar expressions to the extent they relate to the Fund or the Manager. Forward-looking statements are not historical facts but reflect the current expectations of the Fund and the Manager regarding future results or events. Such forward-looking statements reflect the Fund’s and the Manager’s current beliefs and are based on information currently available to them. Forward-looking statements involve significant risks and uncertainties. A number of factors could cause actual results or events to differ materially from current expectations. Some of these risks, uncertainties and other factors are described in this Prospectus Supplement under the heading “Risk Factors”. Although the forward-looking statements contained in this Prospectus Supplement are based upon assumptions that the Fund and the Manager believe to be reasonable, neither the Fund nor the Manager can assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements contained herein were prepared for the purpose of providing investors with information about the Fund and may not be appropriate for other purposes. Neither the Fund nor the Manager assumes any obligation to update or revise them to reflect new events or circumstances, except as required by law.

ELIGIBILITY FOR INVESTMENT

In the opinion of Osler, Hoskin & Harcourt LLP, counsel to the Fund, and Blake, Cassels & Graydon LLP, counsel to the Agents, provided that the Fund qualifies as a “mutual fund corporation” within the meaning of the Tax Act or if the Preferred Shares are listed on a “designated stock exchange” within the meaning of the Tax Act (which currently includes the TSX), such shares would be a qualified investment under the Tax Act and the regulations thereunder for trusts governed by registered retirement savings plans (“RRSP”), registered retirement income funds (“RRIF”), deferred profit sharing plans, registered disability savings plans (“RDSP”), tax-free savings accounts (“TFSA”), first home savings accounts (“FHSA”) and registered education savings plans (“RESP”, and collectively, “Registered Plans”).

Notwithstanding that the Preferred Shares may be qualified investments for a trust governed by a TFSA, FHSA, RRSP, RDSP, RESP or RRIF, the holder of a TFSA, FHSA or RDSP, the subscriber of a RESP or the annuitant of a RRSP or RRIF (a “controlling individual”) will be subject to a penalty tax in respect of the Preferred Shares held in the TFSA, FHSA, RESP, RDSP, RRSP or RRIF, as the case may be, if such shares are a “prohibited investment” within the meaning of the prohibited investment rules in the Tax Act. The Preferred Shares will not be a “prohibited investment” under the Tax Act for a TFSA, FHSA, RESP, RDSP, RRSP or RRIF provided the controlling individual of the applicable Registered Plan deals at arm’s length with the Fund and does not have a “significant interest” (within the meaning of the prohibited investment rules in the Tax Act) in the Fund.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus Supplement is deemed, as of the date hereof, to be incorporated by reference into the Prospectus for the purposes of the distribution of the Preferred Shares offered hereby. Other documents are also incorporated or deemed to be incorporated by reference into the Prospectus and reference should be made to the Prospectus for full details.

The following documents filed with the securities commissions or similar authorities in each of the provinces of Canada are specifically incorporated by reference into and form an integral part of this Prospectus Supplement and the Prospectus:

- (a) the annual information form of the Fund dated January 22, 2024 for the year ended October 31, 2023;
- (b) the annual financial statements of the Fund, together with the accompanying report of the auditor dated January 22, 2024, for the fiscal year ended October 31, 2023;
- (c) the unaudited interim financial statements of the Fund for the period ended April 30, 2024;
- (d) the management report of fund performance of the Fund, related to the annual financial statements of the Fund for the fiscal year ended October 31, 2023;
- (e) the management report of fund performance of the Fund, related to the unaudited interim financial statements of the Fund for the period ended April 30, 2024; and
- (f) the material change report of the Fund dated October 25, 2024, related to the Consolidation.

Any of the documents of the type referred to above, including any material change reports (excluding confidential material change reports), annual information forms, interim and annual financial statements and related management reports of fund performance, designated news releases (within the meaning of Companion Policy 44-102CP *Shelf Distributions* to National Instrument 44-102 *Shelf Distributions*), business acquisition reports and information circulars filed by the Fund with a securities commission or similar authority in Canada after the date of this Prospectus Supplement and prior to the termination of the Offering, will be deemed to be incorporated by reference in this Prospectus Supplement.

Any statement contained in this Prospectus Supplement, the Prospectus or in a document incorporated or deemed to be incorporated by reference in this Prospectus Supplement or the Prospectus shall be deemed to be modified or superseded for the purposes of this Prospectus Supplement or the Prospectus, as the case may be, to the extent that a statement contained in this Prospectus Supplement or in any other subsequently filed document that also is or is deemed to be incorporated by reference in this Prospectus Supplement modifies or supersedes that statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed to be an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus Supplement or the Prospectus.

Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of Mulvihill Capital Management Inc., the manager of the issuer, at 121 King Street West, Suite 2600, P.O. Box 113, Toronto, Ontario, M5H 3T9 or info@mulvihill.com or by calling 416.681.3966, toll-free at 1.800.725.7172 and are also available electronically at www.sedarplus.ca.

THE FUND

The Fund is a mutual fund corporation incorporated under the laws of the Province of Ontario on August 27, 1996. The principal office of the Fund is located at 121 King Street West, Suite 2600, Toronto, Ontario M5H 3T9.

The manager and investment manager of the Fund is Mulvihill Capital Management Inc.

On January 8, 2024, the Manager, in its capacity as manager of the Fund and the Fund entered into an equity distribution agreement (the “January Equity Distribution Agreement”) with National Bank Financial Inc., acting as agent, pursuant to which the Fund was permitted, from time to time, to sell Class A Shares and Preferred Shares having an aggregate market value of up to \$22,000,000 and \$58,000,000, respectively, through National Bank Financial Inc., acting as agent, at the market prices prevailing at the time of the sale on the TSX (the “January ATM Offering”), in accordance with the terms of the January Equity Distribution Agreement. The Fund issued 4,068,900 Preferred Shares and 3,568,700 Class A Shares raising total gross proceeds of approximately \$72,787,132 pursuant to the January ATM Offering.

On August 8, 2024, the Manager, in its capacity as manager of the Fund and the Fund entered into an equity distribution agreement (the “August Equity Distribution Agreement”) with National Bank Financial Inc., acting as agent, pursuant to which the Fund is permitted, from time to time, to sell Class A Shares and Preferred Shares having an aggregate market value of up to \$40,000,000 and \$110,000,000, respectively, through National Bank Financial Inc., acting as agent, at the market prices prevailing at the time of the sale on the TSX (the “August ATM Offering”), in accordance with the terms of the August Equity Distribution Agreement. As of October 29, 2024, the Fund has issued 992,900 Preferred Shares and 671,100 Class A Shares raising total gross proceeds of approximately \$17,502,195 pursuant to the August ATM Offering.

On August 30, 2024, the Fund announced that (a) the Preferred Share distribution rate for the fiscal year beginning November 1, 2024, will increase to 8.50% from 5.75% on the \$15.00 Preferred Share redemption value for the duration of the Fund’s extended term and (b) the Fund will move to paying a monthly distribution from a quarterly distribution (monthly distributions will be \$0.10625 per share or \$1.275 per Preferred Share per annum).

On September 4, 2024, the Fund announced the extension of its term from November 1, 2024 to November 1, 2031.

The Fund received retraction notices for an aggregate of 10,835,874 Preferred Shares and 21,993 Class A Shares in connection with the non-concurrent retraction right on November 1, 2024 (the “2024 Retraction”).

On October 25, 2024, the Fund announced that in connection with the 2024 Retraction, each Class A Share will be consolidated into approximately 0.67 of a Class A Share effective at the opening of trading on or about November 12, 2024 (the “Consolidation”). The total value of a holder’s investment in Class A Shares of the Fund will not change, however the number of Class A Shares that the holder holds following the Consolidation will decline and the NAV per Class A Share will increase proportionately. The Fund also announced that distributions paid on the Class A Shares will, commencing in November 2024, be paid on a monthly rather than quarterly basis and that monthly distributions on the Class A Shares are expected to be \$0.08 per Class A Share or \$0.96 per Class A Share per annum (compared to the previously rate of \$0.81276 per annum). As a result of the 2024 Retraction, the Consolidation and the Offering, based on the most recently calculated NAV per Unit as of October 24, 2024, the pro-forma downside protection on the Fund’s Portfolio would be 28% and the asset coverage ratio (based on the original issue price per Preferred Share of \$15.00) would be 1.4 times. “Downside protection” refers to the percentage that the Portfolio would have to decline in value before the holders of the Preferred Shares would be in a first-dollar loss position.

This Prospectus Supplement qualifies for distribution 4,350,000 Preferred Shares at a price of \$15.00 per Preferred Share.

The Preferred Shares and Class A Shares of the Fund are generally issued on the basis that an equal number of Preferred Shares and Class A Shares will be outstanding. Following the 2024 Retraction and the issuance of the Preferred Shares hereunder and after giving effect to the Consolidation, the Fund expects there to be an approximately equal number of Class A Shares and Preferred Shares outstanding.

The Preferred Shares and Class A Shares are listed on the TSX under the symbols “PIC.PR.A” and “PIC.A”, respectively. The attributes of the Preferred Shares are described under “*Description of the Preferred Shares of the Fund*”.

Investment Objectives

The Fund’s investment objectives are:

- (a) to provide holders of Preferred Shares with cumulative preferential quarterly cash distributions in the amount of \$0.215625 per share (resulting in distributions on the initial public offering price of 5.75% per annum);
- (b) to provide holders of Class A Shares with quarterly cash distributions equal to the amount, if any, by which the net realized capital gains, dividends and option premiums (other than option premiums in respect of options outstanding at year-end) earned on the Fund’s portfolio (the “Portfolio”) in any year, net of expenses and loss carry-forwards, exceed the amount of the distributions paid on the Preferred Shares; and
- (c) to return the issue price on the initial public offering of the Preferred Shares and Class A Shares to holders of both Preferred Shares and Class A Shares at the time of redemption by the Fund of such shares.

On August 30, 2024, the Fund announced that the Preferred Share distribution rate for the fiscal year beginning November 1, 2024, will increase to 8.50% from 5.75% on the \$15.00 Preferred Share redemption value and the Fund will move to paying a monthly distribution from a quarterly distribution. Monthly distributions will be \$0.10625 per share or \$1.275 per Preferred Share per annum.

Investment Strategies

To achieve its investment objectives, the Fund invests in a portfolio consisting principally of common shares of Bank of Montreal, Canadian Imperial Bank of Commerce, National Bank of Canada, Royal Bank of Canada, The Bank of Nova Scotia and The Toronto-Dominion Bank (collectively, the “Banks”).

The Fund may also from time to time hold short-term debt instruments issued by the Government of Canada or a province of Canada or by one or more of the Banks. To generate additional returns above the dividend income earned on the Portfolio, the Fund may, from time to time, write covered call options in respect of all or part of the common shares in the Portfolio. The Fund may hold a portion of its assets in cash equivalents, which may be used to provide cover in respect of the writing of cash-covered put options in respect of securities in which the Fund is permitted to invest. The composition of the Portfolio, the common shares that are subject to call options and put options and the terms of such options will vary, from time to time, based on the Manager’s assessment of market conditions.

Investment Restrictions

The Fund is subject to certain Investment Restrictions that, among other things, limit the equity securities and other securities that the Fund may acquire for the Portfolio. The Fund’s Investment Restrictions may not be changed without the approval of the holders of Preferred Shares and Class A Shares, each voting separately as a class, by an extraordinary resolution, at a meeting called for such purpose.

In addition, but subject to the Investment Restrictions, the Fund has adopted and is managed in accordance with the standard investment restrictions and practices set forth in NI 81-102 (as it may be amended from time to time), other than in respect of exemptions therefrom that it has obtained. See “*The Fund – Investments Restrictions*” in the Prospectus for further information.

Current Portfolio

The following table sets forth unaudited information relating to the composition of the Portfolio as of October 24, 2024:

Bank	Percentage of Net Asset Value
Cash and Short-Term Investments	33.9%
Mulvihill Canadian Bank Enhanced Yield ETF	15.1%
Royal Bank of Canada	13.9%
Bank of Montreal	12.3%
National Bank of Canada	7.6%
The Bank of Nova Scotia	6.5%
Canadian Imperial Bank of Commerce	5.8%
The Toronto-Dominion Bank	<u>4.9%</u>
	100%

Redemption Date

On September 4, 2024, the Fund announced the extension of its term from November 1, 2024 to November 1, 2031 and that the dividend rate for the extended term will be \$0.10625 (\$1.275 per annum) representing a yield of 8.5% on the original issue price of \$15.00, payable monthly.

CONSOLIDATED CAPITALIZATION

The Fund is authorized to issue an unlimited number of Preferred Shares, an unlimited number of Class A Shares and 1,000 Class B Shares. In addition, the Fund is authorized to issue an unlimited number of class C shares, class D shares, class E shares, class C preferred shares, class D preferred shares and class E preferred shares, each such class of shares issuable in series. As at October 29, 2024, there were 20,893,591 Preferred Shares and 20,222,591 Class A Shares outstanding.

The holders of Class B Shares are not entitled to receive dividends and are entitled to one vote per Class B Share. The Class B Shares are retractable at a price of \$1.00 per Class B Share. The Class B Shares rank subsequent to both the Preferred Shares and the Class A Shares with respect to distributions on the dissolution, liquidation or winding-up of the Fund. There are 1,000 Class B Shares issued and outstanding. The Manager is the owner of record of all of the outstanding Class B Shares. The Class B Shares have been escrowed with RBC Investor Services Trust, as successor to The Royal Trust Company, pursuant to an escrow agreement dated October 17, 1996, as amended on September 29, 2003.

	Authorized	Outstanding as at April 30, 2024⁽¹⁾	Outstanding as at April 30, 2024 after giving effect to the Offering, the 2024 Retraction, the Consolidation, the January ATM Offering and the August ATM Offering as at the date hereof⁽¹⁾
Preferred Shares	Unlimited	\$269,672,865 (17,978,191 Preferred Shares)	\$216,115,755 (14,407,717 Preferred Shares)
Class A Shares	Unlimited	\$47,925,047 (17,290,091 Class A Shares)	\$55,472,424 ² (13,637,165 Class A Shares)

Class B Shares	Unlimited	\$1,000 (1,000 Class B Shares)	\$1,000 (1,000 Class B Shares)
Total Capitalization		\$317,598,912	\$271,589,179

Notes:

- (1) NAV based on closing prices as at April 30, 2024.
- (2) After deducting Agents fees for the Preferred Shares and estimated expenses of the Offering.

USE OF PROCEEDS

The net proceeds to be received by the Fund assuming the maximum Offering will be \$63,142,500 after deducting the Agents' fee and the expenses of the Offering, estimated to be \$2,107,500. The Fund intends to use the net proceeds of the Offering in accordance with the Investment Objectives, Investment Strategies and Investment Restrictions.

DESCRIPTION OF THE PREFERRED SHARES OF THE FUND

Distributions

One of the Fund's investment objectives is to pay a cumulative preferential quarterly distribution of \$0.215625 per share to holders of Preferred Shares on the last day of January, April, July and October in each year (a "Dividend Payment Date") until the Redemption Date. In the event that dividends earned by the Fund on the Portfolio are not sufficient on any Dividend Payment Date to cover the total amount of the distributions payable to holders of Preferred Shares on that date, the balance of the distributions payable will be paid as capital gains dividends out of net realized capital gains and option premiums (other than option premiums in respect of options outstanding at year end) earned by the Fund on the Portfolio and may include a return of capital.

Commencing with each seven-year period starting November 1, 2031, the Board of Directors shall determine the dividend rate in respect of the Preferred Shares for such period, provided that any such new rate is announced by way of press release. The new dividend amount will accrue from November 1 of such year. Dividends payable on the Preferred Shares may take the form of ordinary dividends, capital gains dividends or distributions representing a return of capital or any combination thereof.

Each holder of Preferred Shares will be mailed annually, no later than February 28, information necessary to enable such shareholder to complete an income tax return with respect to amounts paid or payable by the Fund in respect of the preceding calendar year.

Redemptions

All Preferred Shares outstanding on the Redemption Date will be redeemed by the Fund on such date. The redemption price payable by the Fund for a Preferred Share on the Redemption Date will be equal to the lesser of (a) \$15.00 and (b) the NAV on that date divided by the total number of Preferred Shares then outstanding. Notice of redemption will be given to CDS Participants holding Preferred Shares on behalf of the beneficial owners thereof at least 60 days prior to the Redemption Date.

Retraction Privileges

Preferred Shares may be surrendered at any time for retraction to Computershare Investor Services Inc., the Fund's registrar and transfer agent, but will be retracted only on a monthly Valuation Date (as defined below). Preferred Shares surrendered for retraction by a Shareholder at least ten Business Days prior to the last day of a month (a "Valuation Date") will be retracted on such Valuation Date and the Shareholder will receive payment on or before the tenth Business Day following such Valuation Date (the "Retraction Payment Date"). Except as noted below, holders of Preferred Shares whose shares are surrendered for retraction will be entitled to receive a retraction price per share (the "Preferred Shares Retraction Price") equal to the lesser of:

- (a) the sum of (i) 96% of the lesser of (A) NAV per Unit as of the applicable Valuation Date less the cost to the Fund of purchasing a Class A Share in the market for cancellation at any time after the applicable Valuation

Date and prior to the applicable Retraction Payment Date and (B) \$15.00 and (ii) any accrued and unpaid dividends thereon; and

- (b) the sum of (i) 96% of the lesser of (A) the Unit Market Price (as defined herein) as of the applicable Valuation Date less the cost to the Fund of purchasing a Class A Share in the market for cancellation at any time after the applicable Valuation Date and prior to the applicable Retraction Payment Date and (B) \$15.00 and (ii) any accrued and unpaid dividends thereon.

For purposes of the calculation noted above, the cost to the Fund of purchasing a Class A Share in the market for cancellation may include the purchase price of such Class A Share, commissions and such other costs, if any, related to the liquidation of any part of the Portfolio to fund such purchase; and the NAV per Unit shall be the NAV per Unit as of the applicable Valuation Date.

Holders of Preferred Shares also have an annual retraction right under which they may concurrently retract an equal number of Class A Shares and Preferred Shares on the last Business Day of October. The price paid by the Fund for such a concurrent retraction will be equal to the NAV per Unit on that date.

The Fund may, but is not obligated to, require the Recirculation Agent (as defined below) to use its best efforts to find purchasers for any Preferred Shares tendered for retraction prior to the relevant Retraction Payment Date pursuant to the Recirculation Agreement (as defined below). In such event, the amount to be paid to the holder of the Preferred Shares on the Retraction Payment Date will be an amount equal to the proceeds of the sale of the Preferred Shares less any applicable commission. Such amount will not be less than the Preferred Share Retraction Price described above.

Subject to the Fund's right to require the Recirculation Agent to use its best efforts to find purchasers for any Preferred Shares tendered for retraction prior to the relevant Retraction Payment Date, any and all Preferred Shares that have been surrendered to the Fund for retraction are deemed to be outstanding until (but not after) the close of business on the relevant Retraction Payment Date, unless not retracted thereon, in which event such Preferred Shares will remain outstanding.

The retraction right must be exercised by providing written notice within the notice periods and in the manner described under "Book-Entry Only System" in the Fund's annual information form. Such surrender will be irrevocable upon the delivery of notice to CDS through a CDS Participant, except with respect to those Preferred Shares that are not retracted by the Fund on the relevant Retraction Payment Date.

If any Preferred Shares are tendered for retraction and are not resold, the Fund has directed the Recirculation Agent to purchase for cancellation on behalf of the Fund that number of Class A Shares which equals the number of Preferred Shares so retracted. Any Class A Shares so purchased for cancellation will be purchased in the market.

Special Retraction Privileges

Holders of Preferred Shares may retract such shares (the "Special Retraction Right") on each Special Retraction Date. The "Special Retraction Date" is each Potential Redemption Date, other than the Redemption Date.

Retraction payments for Preferred Shares tendered pursuant to the Special Retraction Right will be made no later than ten Business Days after the Special Retraction Date, provided that such shares were surrendered for retraction on or prior to 5:00 p.m. (EST) on October 15 in each year in which there is a Special Retraction Date. Preferred Shares will be considered irrevocably surrendered for such retraction upon delivery of written notice to CDS through a CDS Participant.

The retraction price per share to be received by a holder of Preferred Shares under the Special Retraction Right will be equal to the lesser of: (a) \$15.00; and (b) the NAV of the Fund divided by the number of Preferred Shares outstanding on the Special Retraction Date. Any declared and unpaid distributions payable on or before the Special Retraction Date in respect of Preferred Shares tendered for retraction on the Special Retraction Date will also be paid on the retraction payment date.

To the extent that the number of Class A Shares retracted on the Special Retraction Date exceeds the number of Preferred Shares retracted on the Special Retraction Date, the Preferred Shares shall be redeemable at the option of

the Fund on each Special Retraction Date. Any such Preferred Shares shall be redeemed by the Fund on the Special Retraction Date on the payment by the Fund of the Preferred Share Redemption Price as of the Special Retraction Date, calculated as set out above, in respect of each Preferred Share to be redeemed. If less than all of the outstanding Preferred Shares are to be redeemed, the Preferred Shares to be so redeemed shall be redeemed pro rata or in such other manner as the Board of Directors in its sole discretion shall by resolution determine.

On or prior to the special retraction payment date, the Fund shall pay or cause to be paid to or to the order of the registered holders of the Preferred Shares an amount per Preferred Share being redeemed equal to the Preferred Share Redemption Price as of the Special Retraction Date. For purposes of calculating such Preferred Share Redemption Price, the NAV per Unit shall be the NAV per Unit on the applicable Special Retraction Date.

The Special Retraction Right will replace the annual concurrent retraction right for each year in which a Special Retraction Date occurs, pursuant to which a holder would have been permitted to retract both a Class A Share and Preferred Share together in a Unit for the NAV per Unit. An additional, special retraction right will be granted to holders of Preferred Shares in connection with each additional extension of the term of the Fund.

Resale of Preferred Shares Tendered for Retraction

The Fund entered into an agreement (the “Recirculation Agreement”) dated September 29, 2003 with RBC Dominion Securities Inc. (the “Recirculation Agent”) whereby the Recirculation Agent has agreed to use its best efforts to find purchasers for any Preferred Shares tendered for retraction prior to the relevant Retraction Payment Date. The Fund is not obligated to require the Recirculation Agent to seek such purchasers but may elect to do so. In the event that a purchaser for such Preferred Shares is found in this manner, the amount to be paid to the holder of the Preferred Shares on the relevant Retraction Payment Date will be an amount equal to the proceeds of the sale of the Preferred Shares less any applicable commission. Such amount will not be less than the applicable Preferred Share Retraction Price described above.

Priority

The Preferred Shares rank in priority to the Class A Shares and the Class B Shares with respect to the payment of distributions and the repayment of capital on the dissolution, liquidation or winding up of the Fund.

DISTRIBUTION HISTORY

The Fund has declared aggregate dividends on the Preferred Shares of \$24.36 per Preferred Share since the commencement of investment operations in October 1996.

EARNINGS COVERAGE RATIOS

The Fund’s dividend requirements on all of its Preferred Shares, after giving effect to the maximum issue of the Preferred Shares under the Offering, the 2024 Retraction, the Consolidation, the January ATM Offering and the August ATM Offering as at the date hereof in respect of (a) the 12-month period ended October 31, 2023 amounted to \$11,977,121 and (b) in respect of the 12-month period ended April 30, 2024 amounted to \$12,426,656. The Fund’s net investment income (loss) before distributions on Preferred Shares under International Financial Reporting Standards (“IFRS”) for those periods was \$(32,547,365) and \$17,517,101, respectively, which represents (2.72) times and 1.46 times, respectively, the aggregate dividend requirements on the Preferred Shares for those periods, after giving effect to the maximum issue of Preferred Shares under the Offering, the 2024 Retraction, the Consolidation, the January ATM Offering and the August ATM Offering as at the date hereof. **The Fund would have needed to generate an additional \$44,848,009 in net income (loss) under IFRS to have achieved an earnings coverage ratio of 1:1, in respect of the period ended October 31, 2023.**

If the net proceeds of the maximum Offering, the January ATM Offering and the August ATM Offering described above had been invested for those 12-month periods described above, the Fund’s net investment income before distributions on Preferred Shares under IFRS for the 12-month period ended October 31, 2023 would have been \$(29,520,058) and for the 12-month period ended April 30, 2024 would have been \$13,530,367 which represents (2.46) times and 1.13 times, respectively, the aggregate dividend requirements on the Preferred Shares. **The Fund would have needed to generate an additional \$4,465,631 in dividend income to have achieved an earnings**

coverage ratio of 1:1, based on dividend income net of total expenses, excluding gains and losses, in respect of the period ended October 31, 2023.

TRADING PRICES AND VOLUMES

The following table sets forth the reported high and low sale prices and the trading volume for the Preferred Shares on the TSX for each of the months indicated.

	Market Price - Preferred Share		
2024	Low	High	Volume
October 1-29	\$14.90	\$15.26	778,894
September	\$14.88	\$15.08	297,430
August	\$13.74	14.92	807,734
July	\$14.44	\$14.99	1,807,710
June	\$14.26	\$14.60	484,677
May	\$14.24	\$14.46	618,657
April	\$14.11	\$14.57	362,368
March	\$13.98	\$14.50	257,242
February	\$13.77	\$14.00	606,817
January	\$13.79	\$14.33	432,514
2023			
December	\$13.43	\$13.80	351,826
November	\$13.10	\$13.56	135,752
October	\$12.84	\$13.56	287,945

Source: Bloomberg

On October 29, 2024, the closing price of the Preferred Shares on the TSX was \$15.16. The most recently calculated NAV per Unit prior to the pricing of the Offering on October 24, 2024 was \$19.25.

PLAN OF DISTRIBUTION

Pursuant to an agreement dated as of October 30, 2024 (the “Agency Agreement”) among the Manager, the Fund and the Agents, the Agents have agreed to offer the Preferred Shares for sale, as agents of the Fund, on a best efforts basis, if, as and when issued by the Fund. The Offering price for the Preferred Shares was established by negotiation between the Fund and the Agents. The Agents will receive a fee equal to \$0.45 (3%) for each Preferred Share sold, and will be reimbursed for out of pocket expenses incurred. The Agents may form a sub-agency group including other qualified investment dealers and determine the fee payable to the members of such group, which fee will be paid by the Agents out of their fee. While the Agents have agreed to use their best efforts to sell the Preferred Shares offered under this Prospectus Supplement, the Agents will not be obligated to purchase Preferred which are not sold.

Under the terms of the Agency Agreement, the Agents may, at their discretion on the basis of their assessment of the state of the financial markets and upon the occurrence of certain stated events, terminate the Agency Agreement. Subscriptions for Preferred Shares will be received subject to rejection or allotment in whole or in part. The right is reserved to close the subscription books at any time without notice.

The Agents may not, throughout the period of distribution, bid for or purchase the Preferred Shares. The foregoing restriction is subject to certain exemptions, as long as the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Preferred Shares. These exceptions include a bid or purchase permitted under the by-laws and rules of applicable stock exchanges relating to market stabilization and passive market-making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Subject to applicable laws, in connection with the Offering, the Agents may effect transactions which stabilize or maintain the market price of the Preferred Shares

at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The TSX has conditionally approved the listing of the Preferred Shares offered hereby. Listing will be subject to the Fund fulfilling all of the listing requirements of the TSX on or before January 30, 2025. Closing of the Offering is expected to take place on November 6, 2024 but in any event no later than November 27, 2024.

The Preferred Shares have not been and will not be registered under the 1933 Act or any state securities laws and, subject to certain exemptions, may not be offered or sold within the United States or to U.S. persons. The Agents have agreed that they will not offer for sale or sell or deliver the Preferred Shares within the United States or to U.S. persons.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Osler, Hoskin & Harcourt LLP, counsel to the Fund, and Blake, Cassels & Graydon LLP, counsel to the Agents, the following is a summary of the principal Canadian federal income tax considerations generally relevant to prospective investors who, for purposes of the Tax Act and at all relevant times, are resident or are deemed to be resident in Canada, hold their Preferred Shares as capital property, and deal at arm's length with and are not affiliated with the Fund (within the meaning of the Tax Act). This summary is based upon the facts set out in this Prospectus Supplement, the current provisions of the Tax Act and the regulations thereunder (the "Regulations"), all specific proposals to amend the Tax Act and such Regulations that have been publicly announced by the Minister of Finance (Canada) prior to the date hereof ("Proposed Amendments") and counsel's understanding of the current published administrative policies and practices of the Canada Revenue Agency (the "CRA") and relies, as to certain factual matters, on certificates of officers of the Fund and the Agent. This summary is based on the assumption that the Preferred Shares will at all times be listed on the TSX. This summary is based on the assumption that the Fund complies at all times with the conditions prescribed in the Tax Act, the Regulations and the Proposed Amendments to qualify as a "mutual fund corporation" as defined in the Tax Act. This summary is based upon the assumption that the investment restrictions and permitted investments will at all relevant times be as set out under the heading "*The Fund – Investment Objectives*" in this Prospectus Supplement and "*The Fund – Investment Restrictions*" in the Prospectus and that the Fund will at all times comply with such investment restrictions and hold only permitted investments.

This summary is based on the assumption that the issuers of securities held by the Fund will not be foreign affiliates of the Fund or a Shareholder of the Fund. This summary also assumes that all Proposed Amendments will be enacted in the form proposed. No assurances can be given that the Proposed Amendments will become law as proposed or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, in particular, does not describe income tax considerations relating to the deductibility of interest on money borrowed to acquire Preferred Shares. This summary does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, other than the Proposed Amendments. This summary does not deal with foreign, provincial or territorial income tax considerations, which might differ from the federal considerations described herein. This summary does not apply to (a) a Shareholder that is a "financial institution" as defined in section 142.2 of the Tax Act, (b) a Shareholder that is a "specified financial institution" as defined in subsection 248(1) of the Tax Act, (c) a Shareholder an interest in which is a "tax shelter investment" as defined in subsection 143.2(1) of the Tax Act, (d) a Shareholder to which the "functional currency" reporting rules in section 261 of the Tax Act apply, (e) a Shareholder who has entered or will enter into a "derivative forward agreement" as defined in subsection 248(1) of the Tax Act with respect to Preferred Shares or (f) a Shareholder who has entered into or will enter into any arrangement where the result is a "dividend rental arrangement" for the purposes of the Tax Act.

This summary is of a general nature only and does not constitute legal or tax advice to any particular prospective investor. Accordingly, prospective investors are advised to consult their own tax advisors with respect to their individual circumstances.

Proposed Amendments to the Capital Gains Inclusion Rate and the Capital Losses Deduction Rate

Proposed Amendments released on September 23, 2024 (the "September 23 Tax Amendments") propose to generally increase the proportion of a capital gain that would be included in income as a taxable capital gain, or the proportion of a capital loss that would constitute an allowable capital loss, from one-half to two-thirds for any capital gains or

losses realized on or after June 25, 2024. The one-half inclusion of capital gains will continue to apply to individuals (other than most types of trusts) up to a maximum of \$250,000 of net capital gains per year.

Under the September 23 Tax Amendments two different inclusion and deduction rates would apply for taxation years that begin before June 25, 2024, and end after June 24, 2024 (a “Transitional Year”). As a result, for its Transitional Year a taxpayer will be required to separately identify capital gains and capital losses realized before June 25, 2024 (“Period 1”) and those realized after June 24, 2024 (“Period 2”, each of Period 1 and Period 2 being a “Period”). The annual \$250,000 threshold for an individual will be fully available in 2024 without proration and would apply only in respect of net capital gains realized in Period 2 less any net capital losses from Period 1.

If the September 23 Tax Amendments are enacted as proposed, the tax consequences described below will, in some respects, be different. The below summary only generally describes, and is not exhaustive of all possible, Canadian federal income tax considerations arising from the September 23 Tax Amendments as they relate to capital gains (or losses) of corporations and their shareholders. Accordingly, Shareholders are advised to consult their own tax advisors regarding the implications of the September 23 Tax Amendments with respect to their particular circumstances.

Tax Treatment of the Fund

As a mutual fund corporation, the Fund is entitled in certain circumstances to a refund of tax paid or payable by it in respect of its net realized capital gains. Also, as a mutual fund corporation, the Fund is entitled to maintain a capital gains dividend account in respect of its realized net capital gains and from which it may elect to pay dividends (“Capital Gains Dividends”) which are treated as capital gains in the hands of the Shareholders (see “*Tax Treatment of Shareholders*” below). In certain circumstances where the Fund has realized a capital gain in a taxation year, it may elect not to pay Capital Gains Dividends in that taxation year in respect thereof and instead pay refundable capital gains tax, which may in the future be fully or partially refundable upon the payment of sufficient Capital Gains Dividends and/or qualifying redemptions.

Proposed Amendments released on April 16, 2024 as part of the Federal Budget (the “April 2024 Proposed Tax Amendments”) would, for taxation years beginning after 2024, deem certain corporations not to be “mutual fund corporations” after a time at which (i) a person or partnership, or any combination of persons or partnerships that do not deal with each other at arm’s length (known in the April 2024 Proposed Tax Amendments as “specified persons”) own, in the aggregate, shares of the capital stock of the corporation having a fair market value of more than 10% of the fair market value of all of the issued and outstanding shares of the capital stock of the corporation; and (ii) the corporation is controlled by or for the benefit of one or more specified persons. Having regard to the structure of the Fund, and the intention of the April 2024 Proposed Tax Amendments as described in materials accompanying the Proposed Amendments released by the Minister of Finance (Canada) on April 16, 2024 as part of the Federal Budget, the Fund does not believe that it would cease to be a mutual fund corporation as a result of their application. The Fund will continue to monitor the progress of the April 2024 Proposed Tax Amendments to assess the impact, if any, that these Proposed Amendments could have on the Fund.

In computing income for a taxation year, the Fund will be required to include in income all dividends received by the Fund in the year. In computing taxable income, the Fund will generally be permitted to deduct all dividends received by it from a “taxable Canadian corporation” (as defined in the Tax Act). The Fund will generally not be permitted a deduction in computing taxable income for dividends received by it from other corporations.

The Fund has elected in accordance with the Tax Act to have each of its “Canadian securities” treated as capital property. Such an election will ensure that gains or losses realized by the Fund on Canadian securities are treated as capital gains or capital losses.

The Fund qualifies as a “financial intermediary corporation” (as defined in the Tax Act) and, thus, is not subject to tax under Part IV.1 of the Tax Act on dividends received by the Fund and is not generally liable to tax under Part VI.1 of the Tax Act on dividends paid by the Fund on “taxable preferred shares” (as defined in the Tax Act). As a mutual fund corporation (which is not an “investment corporation” as defined in the Tax Act), the Fund is generally subject to a refundable tax of 38½% under Part IV of the Tax Act on taxable dividends received by the Fund during the year to the extent that such dividends were deductible in computing the Fund’s taxable income for the year. This tax is refundable upon the payment by the Fund of sufficient dividends other than Capital Gains Dividends (“Ordinary Dividends”).

Premiums received on covered call options and cash covered put options written by the Fund that are not exercised prior to the end of the year will constitute capital gains of the Fund in the year received, unless such premiums are received by the Fund as income from a business of buying and selling securities or the Fund has engaged in a transaction or transactions considered to be an adventure in the nature of trade. The Fund purchases the Portfolio with the objective of earning dividends thereon over the life of the Fund, writes covered call options with the objective of increasing the yield on the Portfolio beyond the dividends received on the Portfolio and writes cash covered put options to increase returns and to reduce the net cost of purchasing securities upon the exercise of put options. Thus, having regard to the foregoing and in accordance with the CRA's published administrative policies, transactions undertaken by the Fund in respect of shares comprising the Portfolio and options on such shares are treated and reported by the Fund as arising on capital account.

Premiums received by the Fund on covered call (or cash covered put) options that are subsequently exercised will be included in computing the proceeds of disposition (or deducted in computing the adjusted cost base) to the Fund of the securities disposed of (or acquired) by the Fund upon the exercise of such call (or put) options. In addition, where the premium was in respect of an option granted in a previous year so that it constituted a capital gain of the Fund in the previous year, such capital gain may be reversed.

Under the Tax Act, the excessive interest and financing expenses limitation rules (the "EIFEL Rules"), if applicable to an entity, may limit the deductibility of interest and other financing-related expenses by the entity to the extent that such expenses, net of interest and other financing-related income, exceed a fixed ratio of the entity's adjusted EBITDA. The EIFEL Rules and their application are highly complex, and there can be no assurances that the EIFEL Rules will not have adverse consequences to the Fund or its Shareholders. Although certain investment funds that are considered to be "excluded entities" for purposes of the EIFEL Rules may be excluded from the application of the EIFEL Rules, there can be no assurance that the Fund would qualify as an "excluded entity" for these purposes, and hence the Fund could be subject to the EIFEL Rules.

With respect to other income of the Fund, such as interest, the Fund will generally be subject to tax at normal corporate rates applicable to mutual fund corporations, subject to permitted deductions for expenses of the Fund.

Distributions

The policy of the Fund is to pay monthly distributions on the Preferred Shares and Class A Shares and, in addition, to pay special year-end distributions to holders of Class A Shares where the Fund has net taxable capital gains upon which it would otherwise be subject to tax (other than taxable capital gains realized on the writing of options that are outstanding at year end) or where the Fund needs to pay a dividend in order to recover refundable tax not otherwise recoverable upon payment of monthly dividends. While the principal sources of income of the Fund are expected to include taxable capital gains as well as dividends from taxable Canadian corporations, to the extent that the Fund earns net income, after expenses, from other sources, including interest income upon interim investment of its reserves, the Fund will be subject to income tax on such income and no refund of such tax will be available.

Given the investment and dividend policy of the Fund and taking into account the deduction of expenses and taxable dividends on shares of taxable Canadian corporations, the Fund does not expect to be subject to any significant amount of non-refundable Canadian income tax.

Tax Treatment of Shareholders

Shareholders must include in income Ordinary Dividends paid to them by the Fund. For individual Shareholders, Ordinary Dividends will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends paid by taxable Canadian corporations, including, if applicable, the enhanced gross-up and credit for Ordinary Dividends designated by the Fund as eligible dividends. For corporate Shareholders, Ordinary Dividends will normally be deductible in computing the taxable income of the corporation.

Ordinary Dividends received by a corporation (other than a "private corporation" or a "financial intermediary corporation", as defined in the Tax Act) on Preferred Shares will generally be subject to a 10% tax under Part IV.1 of the Tax Act to the extent that such dividends are deductible in computing the corporation's taxable income.

A Shareholder that is a private corporation or any other corporation controlled directly or indirectly by or for the

benefit of an individual (other than a trust) or a related group of individuals (other than trusts) will generally be liable to pay a 38½% refundable tax under Part IV of the Tax Act on Ordinary Dividends received on the Preferred Shares to the extent that such dividends are deductible in computing the Shareholder's taxable income. Where Part IV.1 tax also applies to an Ordinary Dividend received by a corporation, the rate of Part IV tax otherwise payable by the corporation is reduced by 10% of the amount of such Ordinary Dividend.

The amount of any Capital Gains Dividend received by a Shareholder from the Fund will be considered to be a capital gain of the Shareholder from the disposition of capital property in the taxation year of the Shareholder in which the Capital Gains Dividend is received.

Pursuant to the September 23 Tax Amendments, for a Shareholder's Transitional Year, the tax treatment to the Shareholder of a Capital Gains Dividend would be based on the Period in which the Fund realized the underlying capital gain. Generally, the Fund can disclose to its Shareholders, in prescribed form, the amount of the Capital Gains Dividend that is in respect of capital gains realized on dispositions of property that occurred in Period 1. If the Fund does not disclose this information, the full amount of the Capital Gains Dividend will be deemed to be in respect of capital gains from dispositions of property that occurred in Period 2. For a Transitional Year, the Fund will also have the option of electing, and disclosing to its Shareholders, that the underlying capital gain realized by the Fund be deemed to be realized proportionally within the two Periods based on the number of days in each Period. Counsel has been advised that the Manager currently intends to provide the aforementioned disclosure.

The amount of any payment received by a Shareholder from the Fund as a return of capital on a Preferred Share will not be required to be included in computing income. Instead, such amount will reduce the adjusted cost base of the relevant share to the Shareholder. To the extent that the adjusted cost base to the Shareholder would otherwise be a negative amount, the Shareholder will be considered to have realized a capital gain at that time and the Shareholder's adjusted cost base will be increased by the amount of such deemed capital gain. See "*Disposition of Shares*" below.

Having regard to the dividend policy of the Fund and the adjusted cost base of other securities currently held by the Fund, a person acquiring Preferred Shares may become taxable on income or capital gains accrued or realized before such person acquired such Preferred Shares.

Disposition of Shares

Upon the redemption, retraction or other disposition of a Preferred Share, a capital gain (or a capital loss) will be realized to the extent that the proceeds of disposition of the share exceed (or are less than) the aggregate of the adjusted cost base of the share and any reasonable costs of disposition. If the Shareholder is a corporation, any capital loss arising on the disposition of a Preferred Share may in certain circumstances be reduced by the amount of any Ordinary Dividends received on the share. Analogous rules apply to a partnership or trust of which a corporation, partnership or trust is a member or beneficiary. The adjusted cost base of each Preferred Share will generally be the weighted average of the cost of such share acquired by a Shareholder at a particular time and the aggregate adjusted cost base of any other share of that class held immediately before the particular time.

Subject to the September 23 Tax Amendments, one-half of a capital gain (a taxable capital gain) is included in computing income and one-half of a capital loss (an allowable capital loss) is deductible against taxable capital gains in accordance with the provisions of the Tax Act. A Shareholder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) ("CCPC") or a "substantive CCPC" (as defined in the Tax Act) will be subject to an additional refundable tax on aggregate investment income, which includes an amount in respect of taxable capital gains. Certain corporations resident in Canada may also be deemed to qualify as "substantive CCPCs" as a result of specific anti-avoidance rules. Shareholders are advised to consult their own tax advisors regarding the possible implications of the CCPC rules in their particular circumstances.

Generally the Preferred Shares will qualify as "Canadian securities" for purposes of making an irrevocable election under the Tax Act to deem Canadian securities held by the investor to be capital property and to deem all dispositions of Canadian securities held by the investor to be dispositions of capital property for the purposes of the Tax Act. This election is not available to all taxpayers under all circumstances and therefore prospective investors considering making such an election should consult their tax advisors.

EXCHANGE OF TAX INFORMATION

Due diligence and reporting obligations in the Tax Act have been enacted to implement the Canada-United States Enhanced Tax Information Exchange Agreement. As long as Preferred Shares continue to be registered in the name of CDS and to be regularly traded on the TSX, or any other established securities market, the Fund should not have any U.S. reportable accounts and, as a result, should not be required to provide information to the CRA in respect of its Shareholders. However, dealers through which Shareholders hold their Preferred Shares are subject to due diligence and reporting obligations with respect to financial accounts they maintain for their clients. Shareholders, or their controlling persons, may be requested to provide information to their dealer to identify U.S. persons holding Preferred Shares. If (a) it is determined that a Shareholder, or their controlling persons, is a “Specified U.S. Person” (including a U.S. citizen who is a resident of Canada), (b) no such determination has been made but the information provided includes an indication of U.S. status and sufficient evidence to the contrary is not timely provided, or (c) in certain circumstances a Shareholder does not provide the requested information and indicia of U.S. status are present, then Part XVIII of the Tax Act will generally require information about the Shareholder’s investments held in the financial account maintained by the dealer to be reported to the CRA, unless the investments are held within a Registered Plan. The CRA will then provide that information to the U.S. Internal Revenue Service.

Reporting obligations in the Tax Act have been enacted to implement the Organization for Economic Co-operation and Development Common Reporting Standard (the “CRS Rules”). Pursuant to the CRS Rules, Canadian financial institutions are required to have procedures in place to identify accounts held by tax residents of foreign countries (other than the U.S.) (“Reportable Jurisdictions”) or by certain entities any of whose “controlling persons” are tax residents of Reportable Jurisdictions. The CRS Rules provide that Canadian financial institutions must report certain account information and other personal identifying details of Shareholders (and, if applicable, of such controlling persons) who are tax residents of Reportable Jurisdictions to the CRA annually. Such information would generally be exchanged by the CRA on a reciprocal, bilateral basis with Reportable Jurisdictions in which the account holders or such controlling persons are tax resident under the provisions and safeguards of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters or the relevant bilateral tax treaty. Under the CRS Rules, Shareholders will be required to provide such information regarding their investment in the Fund to their dealer for the purpose of such information exchange, unless the investment is held within a Registered Plan. The CRA will then provide that information to the tax authorities of the relevant Reportable Jurisdiction.

RISK FACTORS

An investment in Preferred Shares is subject to certain risk factors which prospective investors should consider before purchasing such shares. Before deciding to invest in the Preferred Shares, prospective investors should consider carefully the risks set forth in the accompanying Prospectus under “*Risk Factors*” and in the other documents incorporated by reference in this Prospectus Supplement and the Prospectus, as updated by the Fund’s subsequent filings with securities regulatory authorities in Canada.

INTEREST OF EXPERTS

Certain legal matters relating to the Offering will be passed upon by Osler, Hoskin & Harcourt LLP on behalf of the Fund and Blake, Cassels & Graydon LLP on behalf of the Agents. As of the date hereof, the partners and associates of Osler, Hoskin & Harcourt LLP as a group, and the partners and associates of Blake, Cassels & Graydon LLP as a group, each own less than one percent of the outstanding Preferred Shares or Class A Shares of the Fund. The auditor of the Fund is Deloitte LLP, Chartered Professional Accountants, Licensed Public Accountants, who has prepared an independent auditor’s report dated January 22, 2024 in respect of the financial statements of the Fund as at and for the year ended October 31, 2023. Deloitte LLP has advised that they are independent with respect to the Fund within the meaning of the Chartered Professional Accountants of Ontario CPA Code of Professional Conduct.

TRANSFER AGENT AND REGISTRAR, CUSTODIAN AND AUDITOR

Computershare Investor Services Inc. is the registrar and transfer agent for the Preferred Shares.

RBC Investor Services Trust is the custodian of the Fund and is responsible for certain aspects of the day-to-day administration of the Fund and provides safekeeping and custodial services in respect of the Fund’s assets. The address of RBC Investor Services Trust is 155 Wellington Street West, Toronto, Ontario, M5V 3L3.

The auditor of the Fund is Deloitte LLP, Chartered Professional Accountants, Licensed Public Accountants, at its offices located at Bay Adelaide Centre, East Tower, 8 Adelaide Street West, Suite 200, Toronto, Ontario M5H 0A9.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two Business Days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories of Canada, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

CERTIFICATE OF THE AGENTS

Dated: October 30, 2024

To the best of our knowledge, information and belief, the short form base shelf prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this prospectus supplement as required by the securities legislation of each of the provinces and territories of Canada.

NATIONAL BANK FINANCIAL INC.

By: (Signed) “*Gavin Brancato*”

CIBC WORLD MARKETS INC.

RBC DOMINION SECURITIES INC.

SCOTIA CAPITAL INC.

By: (Signed) “*Richard Finkelstein*”

By: (Signed) “*Valerie Tan*”

By: (Signed) “*Dil Mann*”

BMO NESBITT BURNS INC.

HAMPTON SECURITIES LIMITED

By: (Signed) “*Robert Turnbull*”

By: (Signed) “*Andrew Deeb*”

CANACCORD GENUITY CORP.

IA PRIVATE WEALTH INC.

RAYMOND JAMES LTD.

WELLINGTON-ALTUS PRIVATE WEALTH INC.

By: (Signed) “*Gordon
Chan*”

By: (Signed) “*Richard
Kassabian*”

By: (Signed) “*Matthew
Cowie*”

By: (Signed) “*Michael
Macdonald*”