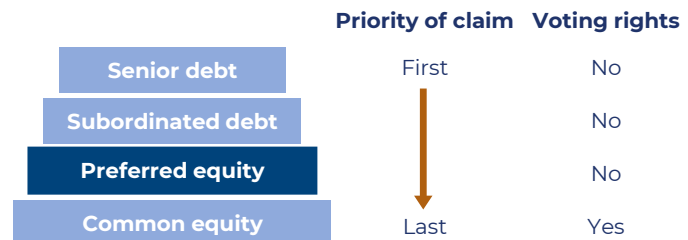


# Canadian preferred shares

## What are preferred shares?

Preferred shares are hybrid instruments that combine features of both equity and debt. They allow a company to raise capital without diluting voting rights while providing investors with stable income through fixed or floating, typically cumulative, dividend payments.



## Key benefits

Benefit	Description
<b>Attractive yields</b>	Preferred shares generally offer higher yields than traditional corporate bonds.
<b>High-quality issuers</b>	They are mostly issued by major investment-grade institutions.
<b>Regular income</b>	Dividends are typically paid quarterly and can be either fixed or floating.
<b>Portfolio diversification</b>	They offer low correlation to bonds and distinct features from common equities.
<b>Capital gains potential</b>	Capital gains are possible through price appreciation, depending on market conditions.
<b>Stock market liquidity</b>	Traded on stock exchanges, they offer pricing transparency and secondary market liquidity.
<b>Potential tax efficiency</b>	Dividends generally benefit from more favorable tax treatment than interest income.

## Example of a Canadian preferred share<sup>1</sup>

	Canada 30yr bond	BCE Inc. 30yr bond	Canada high yield	BCE Inc. preferred share	With tax adv.
<b>Yield</b>	3.58%	<b>5.06%</b>	5.46%	<b>7.04%</b>	<b>9.51%</b>

## A compelling investment for insurers

### Insurer portfolio

- ✓ **Optimization of regulatory capital:** Preferred shares require less capital than their common counterparts.

	Capital risk factor
Common share	35%
Preferred share	<b>5-10%</b>

- ✓ **Portfolio diversification:** Preferred shares span various types, issuers, and sectors, providing diversification across interest rate sensitivities and credit exposures.

### Immunizing portfolio

- ✓ **Immunization of interest rate and credit risk:** Fixed-rate preferred shares have long duration and therefore can contribute to matching the interest rate and credit risk profile of insurance liabilities.

### Surplus portfolio

- ✓ **Improved risk/return profile:** With regular income, capital gains potential and low correlation with other assets, preferred shares are a strong complement to surplus portfolios.

<sup>1</sup> Source: Bloomberg as of 09/30/2025; ICE BofA Canada High Yield Index; BCE Inc. Series AK preferred share: 30-year yield modeled with forward curve & price \$18.94; Tax rate 26%.

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**Brigitte Gascon, MBA**  
 Executive Vice President  
[bgascon@optimumgam.ca](mailto:bgascon@optimumgam.ca)



**Martin Delage, CFA, M.Sc.**  
 Global and Canadian Chief  
 Investment Officer  
[mdelage@optimumgam.ca](mailto:mdelage@optimumgam.ca)



**Hugues Sauvé, CFA, M.Sc.**  
 First Vice President  
 Fixed income  
[hsauve@optimumgam.ca](mailto:hsauve@optimumgam.ca)



**Pierre-Olivier Boulanger, CFA, M.Sc.**  
 Vice President  
 Responsible Investment  
[pboulanger@optimumgam.ca](mailto:pboulanger@optimumgam.ca)



**Patrick Beaudoin, CFA, Adm. A.**  
 Vice President  
 Operations and Client relations  
[pbeaudoin@optimumgam.ca](mailto:pbeaudoin@optimumgam.ca)

## Proven expertise in the Canadian preferred share market

We bring proven capacity in this high-touch, niche segment, with **advanced modeling of diversified structures**.

Our track record of **best execution across trading platforms and dealer networks** showcases our precision and strategic depth, driving optimized portfolio construction.

## Our story

With **40 years of experience** in asset management, Optimum Asset Management Inc. has brought together **a team of 41 professionals** with a high level of expertise from various areas of the financial and technology sectors.

We are a subsidiary of **Optimum Financial Group**, a privately held diversified and international group generating annual revenues of over **\$1.4 billion<sup>2</sup>**, providing privileged access to various markets and financial security to our clients **since 1969**.

## “Think globally and act locally”



## OPTIMUM ASSET MANAGEMENT INC.



425 De Maisonneuve W. blvd, Suite 1620  
 Montréal (Québec) H3A 3G5, CANADA



+1 514 288-7545  
 +1 888 678-4686



[info@optimumgam.ca](mailto:info@optimumgam.ca)



[optimumgam.ca](http://optimumgam.ca)

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<sup>2</sup>. As of December 31, 2024.