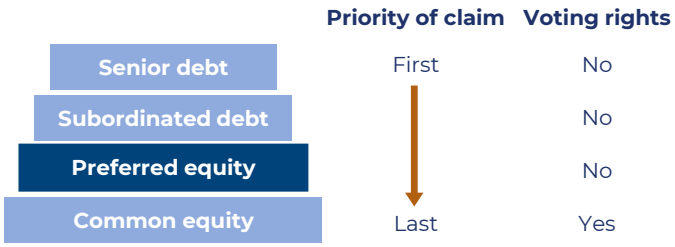
OPTIMUM
Global Asset Management

Descriptive sheet
September 2026

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

Example of a Canadian preferred share[1]

	Canada 30yr bond	BCE Inc. 30yr bond	Canada high yield	BCE Inc. preferred share	With tax adv.
Yield	4.30%	**5.89%**	6.53%	**6.89%**	**9.31%**

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	**5-10%**

✓ **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.

1. Source: Bloomberg as of September 30, 2026; ICE BofA Canada High Yield Index; BCE Inc. Series AK preferred share: 30-year yield modeled with forward curve & price $22.56; Tax rate 26%.

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PRI Principles for Responsible Investment

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Brigitte Gascon, MBA
Executive Vice President
bgascon@optimumgam.ca



Martin Delage, CFA, M.Sc.
Global and Canadian Chief Investment Officer
mdelage@optimumgam.ca



Hugues Sauvé, CFA, M.Sc.
Chief
Canadian Fixed Income
hsauve@optimumgam.ca



Pierre-Olivier Boulanger, CFA, M.Sc.
Vice President
Responsible Investment
pboulanger@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 **$1.5 billion**[2], 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
optimumgam.ca

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2. As of December 31, 2025.

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