

# YTM Capital Credit Opportunities Fund



## Strategy

Long / short hedge fund delivering Canadian investment grade credit exposure



## Target

Long-term net returns of 6% - 8% with low volatility



## Portfolio

Short maturity investment grade credit with neutralized interest rate risk

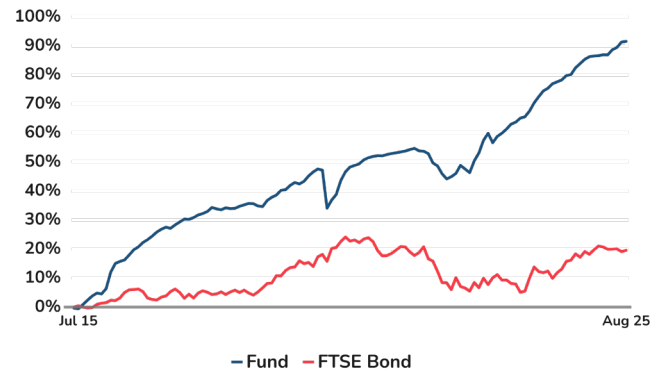


## Uncorrelated

Compelling fixed-income alternative

## Net Performance

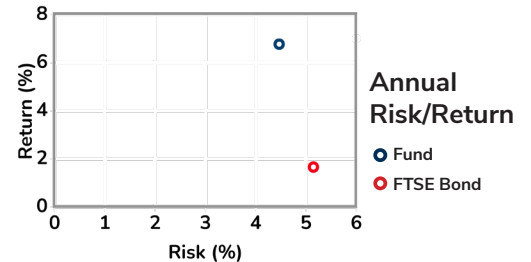
	1 month	1 year	3 year	5 year	10 year
Fund	0.12%	6.36%	8.78%	5.26%	6.77%
FTSE Bond	0.37%	2.94%	3.73%	-0.52%	1.66%



## Risk

LOW	MEDIUM	HIGH
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CR01 as a percent of NAV	0.044%	Months Positive	79%
Average Weighted Maturity	1.8 years	Best Month	5.33%
Modified Duration	0.31	Worst Month	-8.89%
Annualized Standard Deviation	4.5%	Maximum Drawdown	-9.18%
Sharpe Ratio	1.08	Upside Capture - FTSE Bond	59
Correlation to FTSE Bond	0.22	Downside Capture - FTSE Bond	-29



## Portfolio Manager Commentary

**Daniel Child** CA, CPA, CFA

**Edward Winiarz** CFA

Canadian investment-grade credit paused in August after July's strong tightening, with the Bloomberg CAD Corporate Index widening 5bps to +90 OAS.

The primary market was the key driver, delivering a record \$11.6 billion of new issuance, more than double the 10-year August average. Year-to-date issuance reached \$96.5 billion, surpassing last year's record pace. Long-dated bonds comprised 13% of supply, the highest since Q2/24, while sector activity was led by Cable/Telco (18%), Utilities (11%), and Banks (9%). By rating, BBB's made up 52% of supply, A's 35%, and high yield 4%. Average new issue spread was +120 with a 4.43% coupon, down from 4.91% in July, with lower all-in coupons potentially being a catalyst for issuers to come to market.

Despite heavy supply, fund flows remained supportive. Yield levels continue to attract both domestic and cross-border demand, as has been the case for the past 18-24 months.

From a performance standpoint, the curve was mixed: the belly outperformed with just +2 bps widening, while the long end lagged at +7 bps. Rates rallied on weaker GDP data, pulling overall index yield down 11bps to 3.93%. Long-end yields held near the top of their 52-week range at 5.08% as the longer term inflation outlook and US turmoil weigh on the long end of the yield curve.

Looking ahead, September is expected to remain active, with supply pipelines full and spreads still near historically tight levels. Central bank decisions will be key, with both the Fed and Bank of Canada scheduled to meet on September 17. Markets currently price in a 25bps BoC cut in September and another in October, while the Fed may also ease rates amid softening data and heightened U.S. political rhetoric.

We remain of the view that the outlook for credit spreads is relatively benign and that credit is likely to trade in a 20 basis point range for the rest of 2025. That said, since spreads are historically expensive globally, we remain light on risk versus historical levels as the Fund benefits from a strong running yield. We will look to add risk if spreads move wider in a meaningful way.

# Portfolio Managers



## Seasoned

More than 41 combined years of portfolio management and fixed-income experience



## Accomplished

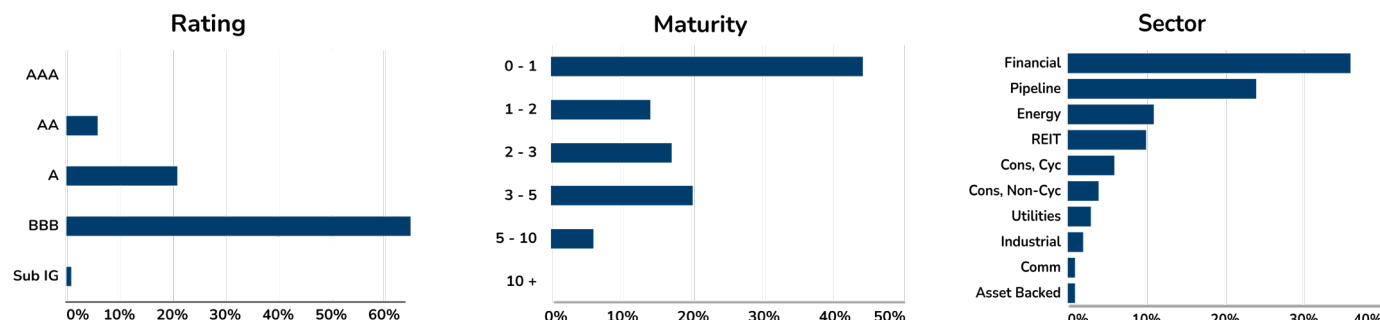
Head Corporate Trader and Director at major Canadian dealers responsible for billions of at-risk capital



## Conservative

Focused on downside protection, putting capital preservation first while delivering strong risk-adjusted returns

## Portfolio



## Monthly Net Performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2025	0.13	0.06	0.17	-0.01	0.94	0.42	0.98	0.12					2.83
2024	1.25	1.15	0.52	0.89	0.37	0.38	0.83	0.19	1.31	0.79	0.80	0.49	9.34
2023	2.84	1.55	-2.03	1.41	0.67	0.89	1.07	0.41	0.85	0.28	1.19	1.68	11.28
2022	-0.54	-2.09	-0.68	-1.83	-1.22	0.52	0.78	1.91	-0.85	-0.85	2.80	1.79	-0.40
2021	0.30	0.18	-0.05	0.29	0.22	0.18	0.18	0.20	0.34	0.27	-0.55	-0.09	1.48
2020	0.69	-0.29	-8.89	2.07	1.43	3.47	2.08	1.14	0.36	0.38	0.92	0.47	3.33
2019	1.55	0.82	0.55	1.18	0.17	1.04	0.69	-0.36	0.66	0.42	0.87	0.95	8.86
2018	1.06	-0.37	-0.23	0.53	-0.16	0.07	0.47	0.38	0.39	-0.09	-0.58	-0.16	1.32
2017	1.14	0.84	0.52	-0.28	0.94	0.77	0.74	-0.09	0.44	0.73	0.41	0.46	6.82
2016	-0.30	1.74	5.33	2.66	0.64	0.38	1.50	1.54	0.84	1.25	0.79	0.94	18.62
2015							-0.43	-0.13	1.52	1.44	1.41	0.96	4.84

## Fund Details

<b>Transactions</b>	Monthly	<b>Distributions</b>	Monthly (4%/yr target; TA,TF) Quarterly (A,F)
<b>Redemptions</b>	30 days notice	<b>Reg Plans</b>	Yes
<b>Management fee</b>	2.00% (A, TA) 1.50% (F, TF)	<b>Fundserv</b>	YTM500 (A) YTM530 (TA) YTM510 (F) YTM540 (TF)
<b>Performance fee</b>	15%, Highwater Mark		

## YTM Capital

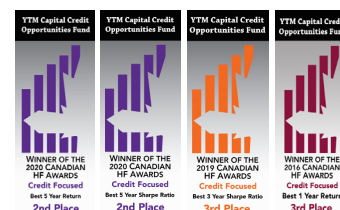
YTM is a credit fund manager established in 2010, based in Oakville, Ontario that focuses on providing better fixed income solutions.

**Kevin Foley**  
kevin.foley@ytmcapital.com

**Gianni Markou**  
gianni.markou@ytmcapital.com

**Nicole McLachlan**  
nicole.mclachlan@ytmcapital.com

**Art Sanchez**  
art.sanchez@ytmcapital.com



**As of AUGUST 31, 2025. FTSE Bond** = FTSE Canada Universe Bond Index. CR01 measures the impact on a Fund's value of a 1 basis point change in credit spreads. Sharpe Ratio is calculated using a 3 month GOC T-Bill as the risk free rate. Drawdown represents the loss for the Fund from peak to trough. In risk/return chart, risk is represented by standard deviation since inception ("SI" = July 1, 2015) and returns are SI. The Canadian Hedge Fund Awards are administered by Alternative IQ. The awards are based on a quantitative measure of a fund's performance in the Credit Focused category. Of the 33 funds considered, the Fund had the 3rd highest return for the year ending June 30, 2016. Of the 27 funds considered, the Fund had the 3rd highest Sharpe ratio for the 3 years ending June 30, 2019. Of the 18 funds considered, the Fund had the 2nd highest Sharpe ratio and 2nd highest return for the 5 years ending June 30, 2020. This document is for information only and is not intended to solicit orders for the Fund. Investors should read the Offering Memorandum (OM), including the risk section before investing. You can obtain the OM from YTM Capital Asset Management Ltd. Fund data will change and past performance may not be repeated. There is no guarantee the Fund will provide returns similar to its target. Performance is net of fees and expenses, is for Class F, Initial Series, distributions reinvested, and the SI figure is annualized. Rating and maturity information exclude cash and GOC securities. YTM rates unrated securities by using third party data and judgment. Maturity and CR01 are calculated using the expected maturity date for securities with call features. [www.ytmcapital.com](http://www.ytmcapital.com)