

# 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

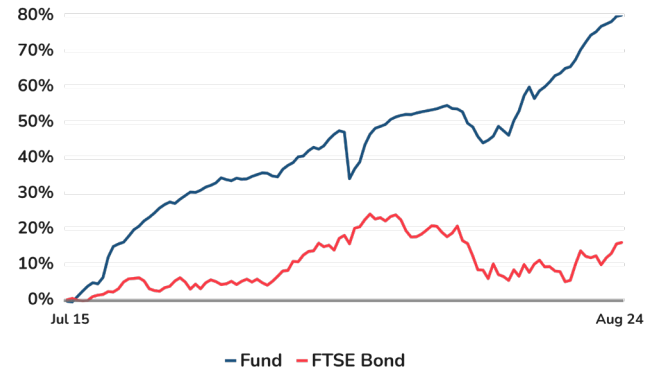


## Uncorrelated

Compelling fixed-income alternative

## Net Performance

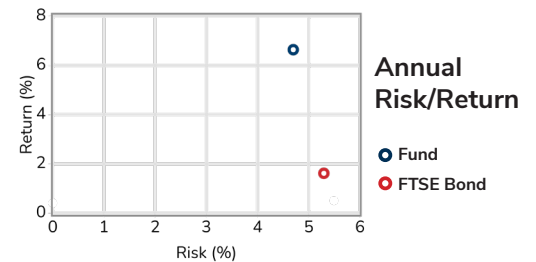
	1 month	1 year	3 year	5 year	S.I.
Fund	0.19%	10.01%	5.41%	4.81%	6.63%
FTSE Bond	0.33%	7.61%	-1.28%	0.03%	1.64%



## Risk

LOW	MEDIUM	HIGH
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CR01 as a percent of NAV	0.055%	Months Positive	76%
Average Weighted Maturity	1.6 years	Best Month	5.33%
Modified Duration	0.31	Worst Month	-8.89%
Annualized Standard Deviation	4.7%	Maximum Drawdown	-9.18%
Sharpe Ratio	1.06	Upside Capture - FTSE Bond	59
Correlation to FTSE Bond	0.23	Downside Capture - FTSE Bond	-26



## Portfolio Manager Commentary

**Daniel Child** CA, CPA, CFA

**Edward Winiarz** CFA

August Canadian corporate bond market news was dominated by new issues. At nearly \$9 billion, a new record was set, eclipsing the ten-year average by about 80% in the process. This deal flow puts the annual total only \$6 billion shy on the total 2023 issuance with four full months remaining. The sheer volume is, however, only part of the story. Sector mix is markedly different in 2024 from previous years. While Banks remain the largest new issuance sector, at 26% of total issuance, they are 11% less than the ten-year average, electing to tap international markets that continue provide cheaper sources of funding. Autos and Pipelines have picked up the slack to some extent at 11% and 16% of issuance respectively, both higher than average.

Not surprisingly, Banks have been amongst the better performing sectors recently while pipelines have lagged. Autos have been hit with a double whammy of larger issuance and poor corporate performance, as EV sales stagnate and higher rates decrease consumer appetite for more expensive cars. Overall spreads were wider by 3 basis points but are still on the tighter side compared to historical average. The saving grace has been the continued inflow of investor capital that is seemingly attracted like a moth to the flame of what are still higher yields.

Secondary markets were busy for a summer month, mostly resulting from new issue flow - investors selling existing holdings to fund their new issue purchases. The divergence of equity market expectations (soft landing/no recession) versus the bond market's recession expectation continues and widened in August. Our view remains that there will be moderate spread widening that is coincident with a recession in Canada and we are managing risk so that it is lighter than average. In the meantime we are able to keep harvesting above-average yields, hanging onto our considerable dry powder to use at a later and more opportune date.



# Portfolio Managers



## Seasoned

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



## Accomplished

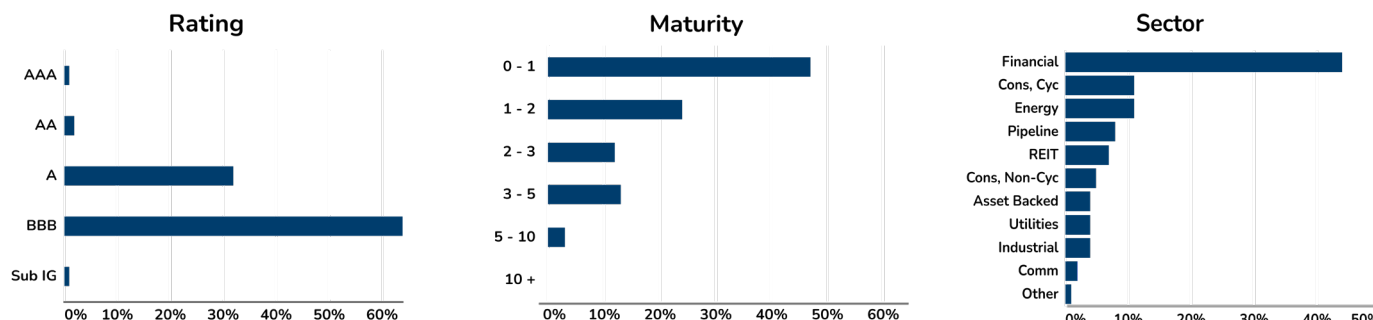
Head Corporate Trader and Director at major Canadian dealers responsible for billions of at-risk capital



## 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
2024	1.25	1.15	0.52	0.89	0.37	0.38	0.83	0.19					5.72
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 (5%/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

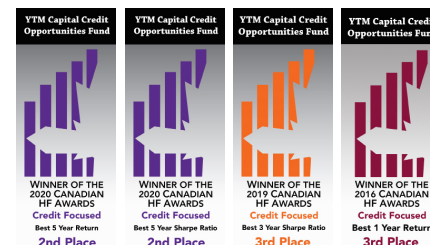
YTM is a credit fund manager established in 2010. We have more than \$650 million in assets under management and are based in Oakville, Ontario.

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**As of AUGUST 31, 2024. FTSE Bond** = FTSE Canada Universe Bond Index. CR01 measures the impact on a Fund's value by 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 percentage 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)

