

YTM Capital Fixed Income Alternative Fund



Strategy

Long / short hedge fund delivering Canadian investment grade credit exposure



Target

Long-term net returns of 4% - 6% with low volatility



Portfolio

Short maturity corporate bonds with neutralized interest rate risk



Uncorrelated

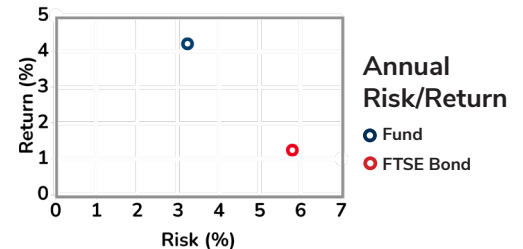
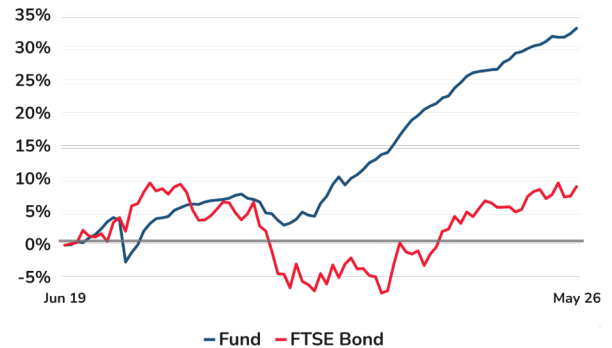
Compelling fixed-income alternative

Net Performance

	1 month	1 year	3 year	5 year	S.I.
Fund	0.61%	4.06%	6.31%	4.50%	4.21%
FTSE Bond	1.36%	2.98%	4.16%	0.83%	1.24%

Risk

LOW	MEDIUM	HIGH	
CR01 as a percent of NAV	0.048%	Months Positive	82%
Average Weighted Maturity	1.8 years	Best Month	2.13%
Modified Duration	1.04	Worst Month	-6.11%
Annualized Standard Deviation	3.2%	Maximum Drawdown	-6.52%
Sharpe Ratio	0.57	Upside Capture - FTSE Bond	39
Correlation to FTSE Bond	0.28	Downside Capture - FTSE Bond	-10



Portfolio Manager Commentary

Daniel Child CA, CPA, CFA

Edward Winiarz CFA

Canadian investment-grade credit held up well through May despite a more complicated macro backdrop tightening modestly by 3 bps at an option-adjusted spread of 83 bps, after trading in a narrow 83 to 88 bps range.

Energy volatility, renewed geopolitical stress around the Persian Gulf, and higher bond yields all worked against risk sentiment, but corporate credit remained orderly. Liquidity stayed intact, spreads were stable to tighter, and issuance remained above the seasonal average even though monthly supply slowed from earlier in the year. The main tension for markets is that risk assets are still being supported by solid earnings, resilient labour conditions, and enthusiasm around AI-linked growth, while inflation and consumer-pressure risks are becoming harder to ignore. Higher fuel costs and the fading effect of one-off consumer supports have narrowed the cushion for households. For credit, the result was not a broad risk-off move, but a market with less room for disappointment.

By maturity, short and intermediate credit each tightened by 3 basis points, while long credit tightened by 2 basis points. The slightly smaller move in long bonds may reflect the heavier share of 10-year-plus new issuance. The BBB-versus-A basis widened by 1 basis point to 23 basis points, and the BBB-to-A spread ratio rose slightly to 1.31x. Both measures remain near the low end of their one-year ranges, suggesting limited compensation for moving down in rating quality. Autos were among the strongest performers in Canadian credit, led by names such as Ford, General Motors, and Volkswagen. NVCC bank capital also performed well, helped by limited new supply.

Canadian new issuance remained healthy in May, although the month produced the lightest supply total so far in 2026. Issuance reached \$14.5 billion, still above the five-year May average of \$11.4 billion.

Industrial borrowers dominated the calendar with \$9.05 billion of supply, equal to 63% of the month. That share was heavily influenced by Alphabet's first Maple bond transaction, which accounted for \$8.5 billion. Other first-time issuers included Badger Infrastructure Solutions and Bird Construction.

We managed credit risk down a touch in May on profit taking, and generally remains below long term averages as global credit valuations remain rich. We continue to focus on harvesting high quality carry until valuations reset and risk-adjusted spread compression opportunities resurface.



Portfolio Managers



Seasoned

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



Accomplished

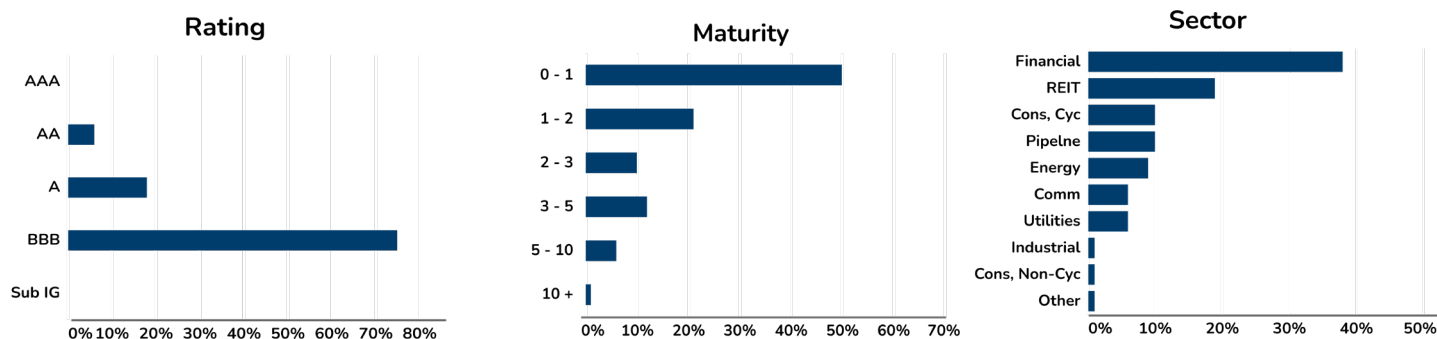
Head Corporate Trader and Director at major Canadian dealers responsible for billions of at-risk capital



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
2026	0.59	-0.09	0.01	0.41	0.61								1.53
2025	0.16	0.10	0.17	0.06	0.76	0.37	0.73	0.17	0.38	0.31	0.14	0.37	3.78
2024	1.06	1.02	0.50	0.76	0.44	0.32	0.71	0.23	1.00	0.72	0.72	0.42	8.18
2023	1.68	1.05	-1.10	0.91	0.49	0.71	0.94	0.41	0.70	0.26	1.08	1.20	8.63
2022	-0.35	-1.57	-0.14	-0.95	-0.70	0.30	0.50	1.06	-0.46	-0.15	1.88	1.01	0.45
2021	0.37	0.15	-0.04	0.34	0.20	0.07	0.11	0.17	0.40	0.18	-0.58	-0.18	1.19
2020	0.63	-0.41	-6.11	1.47	1.19	2.13	1.08	0.73	0.12	0.20	0.90	0.38	2.08
2019						0.06 *	0.49	-0.16	0.73	0.48	0.88	1.04	3.57

Fund Details

Transactions	Daily	Distributions	Monthly (4%/yr target; TA/TF) Quarterly (A/F/US)
Management fee	1.90% (A/TA/US) 0.90% (F/TF/US)	Fundserv	YTM401 (A) YTM402 (TA) YTM404 (A-USD) YTM405 (F) YTM406 (TF) YTM408 (F-USD)
Performance fee	15%, high watermark	Reg Pans	Yes
Fund Administrator	SGGG Fund Services Inc.		
Auditor	PwC LLP		

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
416 306 8328

Nicole McLachlan
nicole.mclachlan@ytmcapital.com
647 291 2092

Gianni Markou
gianni.markou@ytmcapital.com
416 985 1444

Art Sanchez
art.sanchez@ytmcapital.com
416 471 7341

As of MAY 31, 2026 * June 24 - 30, 2019. **FTSE Bond** = FTSE Canada Universe Bond Index. CR01 measures the impact of a 1 basis point change in credit spreads on the Fund's value. Sharpe Ratio is calculated using a 3 month GOC Treasury Bill as the risk free rate. Drawdown represents the percentage loss for the Fund from peak to trough. Market capture ratios compare the Fund's performance to the FTSE Bond index. Comparative returns are provided to demonstrate the Fund's utility as an alternative investment. Investors should consider differences between the investments generally represented by the indexes and the Fund, such as risk profiles and taxation of returns. This document is for information only and is not intended to solicit orders for the Fund. Investors should read the Simplified Prospectus (SP) and Fund Facts (FF) including the Risk Factors sections before making an investment. You can obtain the SP and FF from YTM Capital Asset Management Ltd. and at ytmcapital.com or from your investment advisor. 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, distributions reinvested. Rating and maturity information exclude cash and Government of Canada 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. ytmcapital.com