YTM Capital Fixed Income Alternative Fund

Strategy
Long / short hedge fund delivering Canadian investment grade credit exposure

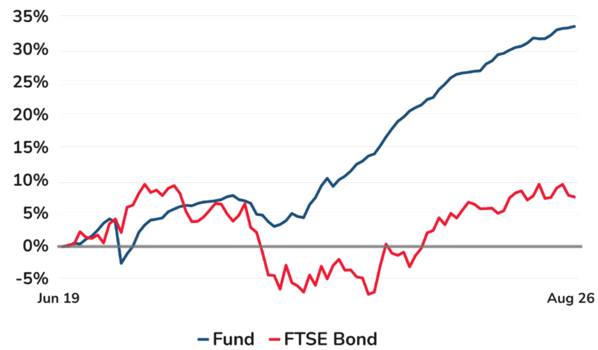
Target
Long-term net returns of 4% - 6% with low volatility

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	0.16%	3.16%	5.73%	4.51%	4.11%
FTSE Bond	-0.21%	2.00%	4.16%	0.21%	1.02%

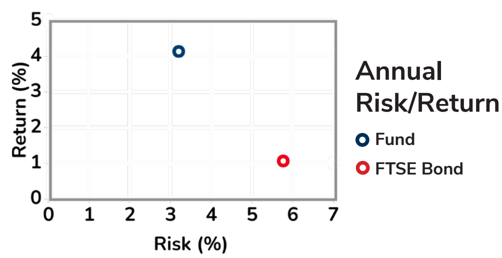


Risk

LOW | MEDIUM | HIGH

CR01 as a percent of NAV	0.028%
Average Weighted Maturity	1.8 years
Modified Duration	0.93
Annualized Standard Deviation	3.2%
Sharpe Ratio	0.56
Correlation to FTSE Bond	0.28

Months Positive	83%
Best Month	2.13%
Worst Month	-6.11%
Maximum Drawdown	-6.52%
Upside Capture - FTSE Bond	39
Downside Capture - FTSE Bond	-10



Portfolio Manager Commentary

Daniel Child CA, CPA, CFA **Edward Winiarz** CFA

August was defined by two dominant macro forces pulling in opposite directions: a geopolitical backdrop that remained broadly unchanged as the Middle East conflict continued to drag on and a sharp, late-month deterioration in US-Canada trade relations that injected meaningful uncertainty into the domestic credit outlook. Layered on top of trade angst, the Federal Reserve's Jackson Hole symposium delivered an unambiguously hawkish message: new Fed Chair Warsh warned that inflation is not meaningfully slowing and that the Fed has "work to do," while other Governors argued current rates are not restrictive, and the July FOMC minutes confirmed many officials viewed rate hikes as necessary if inflation failed to decline. The net effect was a meaningful bear-steepening bias in rates.

The defining story for CAD IG in August was supply. Gross issuance of $16.2 billion set an all-time monthly record for August, running at 2.4x the 10-year average of $6.7 billion and pushing YTD volume to $147.1 billion, a staggering +50% year-over-year pace. Utilities led sector composition at 27% of volume, followed by Banks at 23%, with $4.75 billion of Maple bond issuance bringing the YTD Maple total to 30% of all CAD IG supply. Tenor skew was notably concentrated in the 5-7 year bucket, which accounted for 41% of total August supply — a reflection of both issuer preference to lock in intermediate-term funding and investor demand for carry in the belly of the curve. Across the border, US IG primary markets also beat their long-term average, reinforcing the theme of issuers front-running potential further rate volatility and investors deploying cash at elevated all-in yields.

Against the backdrop of record supply, CAD IG spreads underperformed their US counterparts in August. The CAD IG index OAS widened +1bp to close at 89bps, now +6bps wider YTD — a modest move in absolute terms but a clear underperformance relative to US IG, which tightened -1bp to 78bps. Within the CAD IG index, the long end was the primary source of pain: the CAD long bond index widened +3bps m/m with an excess return of -0.25%, as long-dated Maple bonds — which have been a significant driver of YTD supply — lagged materially. The spread basis between BBB and single-A credits at 22bps and a ratio of 1.28x reflects a market that, while absorbing record supply, has not yet repriced lower-quality IG credits in any meaningful way — a dynamic worth monitoring as the trade war's economic impact begins to filter through to corporate fundamentals in Q3 earnings season.

The record issuance, while absorbed without a material spread blowout, has left the market technically heavy entering September, and the looming September 8 effective date for Canada's counter-tariffs introduces a new layer of headline risk that we believe is not fully priced into the 89bp OAS level. On the positive side, the robust fund flow environment, the continued attractiveness of all-in yields at 4.29% YTW, and the single-A dominated supply mix of 60% suggest the technical bid for high-quality CAD IG paper remains intact. We enter September with credit risk materially below low run averages, a preference for front end names with high breakevens and solid carry, -A industrials and banks over long-dated Maples, and a watchful eye on the trade war escalation timeline — where the risk of further US retaliation against Canada's September 8 counter-tariffs represents the most significant tail risk to CAD credit spreads in the near term.

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Portfolio Managers

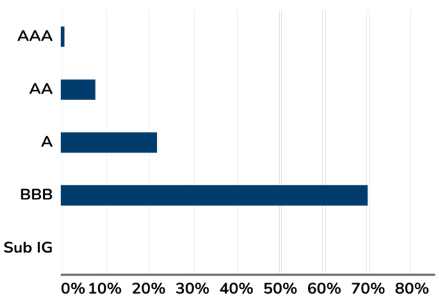
Seasoned
More than 41 combined years of portfolio management and fixed-income experience

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

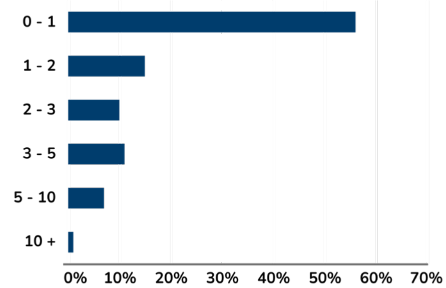
Conservative
Focused on downside protection, putting capital preservation first while delivering strong risk-adjusted returns

Portfolio

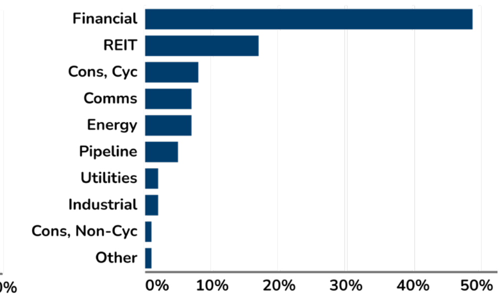
Rating



Maturity



Sector



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	0.17	0.07	0.16					1.93
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		
Fund Administrator	SGGG Fund Services Inc.		
Auditor	PwC LLP	**Reg Pans**	Yes

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

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

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

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

Jay Kim
jay.kim@ytmcapital.com
647 292 3770

As of AUGUST 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

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