YTM Capital Fixed Income Alternative Fund

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

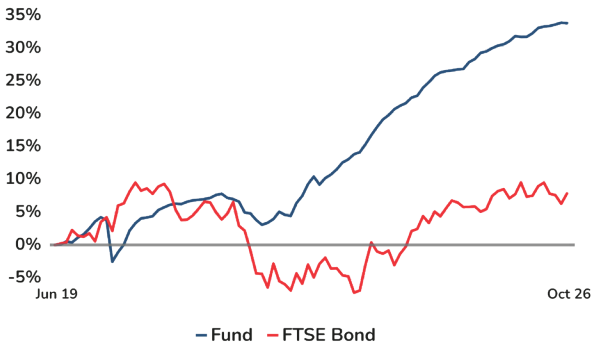
Target
Long-term net returns of 4% - 6% with low volatility

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	-0.05%	2.62%	5.45%	4.42%	4.03%
FTSE Bond	1.48%	-0.33%	5.04%	0.75%	1.03%

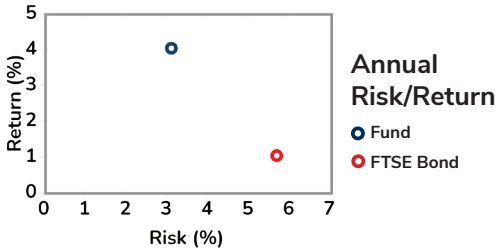


Risk

LOW | MEDIUM | HIGH

CR01 as a percent of NAV	0.032%
Average Weighted Maturity	1.9 years
Modified Duration	0.93
Annualized Standard Deviation	3.1%
Sharpe Ratio	0.54
Correlation to FTSE Bond	0.27

Months Positive	82%
Best Month	2.13%
Worst Month	-6.11%
Maximum Drawdown	-6.52%
Upside Capture - FTSE Bond	38
Downside Capture - FTSE Bond	-11



Portfolio Manager Commentary

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

Geopolitical tensions, higher energy prices and weakness in technology shares weighed on risk appetite in October. Monetary policy remained a source of uncertainty: the Bank of Canada raised its policy rate by 25 basis points and signaled that further increases could be necessary. Spreads widened by 9 bps. Canadian credit was marginally more resilient than U.S. IG, where spreads widened by 10 bps.

Primary-market activity was a significant feature of the month. Canadian corporate issuance reached C$18.1 billion, an October record and well above the ten-year October average of C$8.5 billion. Banks accounted for 39% of supply, while consumer and retail issuers represented 28%, driven by Walmart's transaction. Maple issuance—Canadian-dollar bonds issued by foreign borrowers—contributed C$5.8 billion, underscoring the importance of international issuers to the domestic market. The substantial volume of new bonds provided investors with opportunities to deploy capital, but also increased the amount of supply that the market needed to absorb during a period of weaker risk appetite. Year-to-date corporate issuance reached C$182 billion, up 42% from the comparable period in 2025, highlighting the scale of borrowing activity.

Demand remained supportive with continued inflows into Canadian fixed-income funds. However, those inflows were not sufficient to prevent spread widening against the combination of heavy issuance and broader market uncertainty. October therefore illustrated the importance of assessing supply and investor demand together, rather than treating positive fund flows alone as a signal of stronger credit-market conditions.

Looking ahead, October's central message is that positive bond returns should not be confused with improving credit conditions. Falling government yields supported performance even as investors demanded greater compensation for corporate risk, with meaningful differences across sectors, ratings and maturities. Higher energy prices and the possibility of further monetary tightening remain counterweights to the support that high-quality bonds can receive during periods of market stress. For Canadian credit investors, this environment reinforces the importance of issuer selection, liquidity and valuation discipline, alongside a clear distinction between interest-rate exposure and credit-spread exposure. Income remains an important component of prospective returns, but October's experience highlights why the durability of that income—and the price paid to obtain it—matters.

We remain defensive, with timely derisking during the month, which side stepped most of the negative performance drag from wider spreads. Overall credit risk remains anchored close to the bottom decile of our historic ranges, as we continue to wait for wider spreads and better risk/return tradeoffs to transition toward a more offensive posture.

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YTM CAPITAL

Portfolio Managers

Seasoned

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

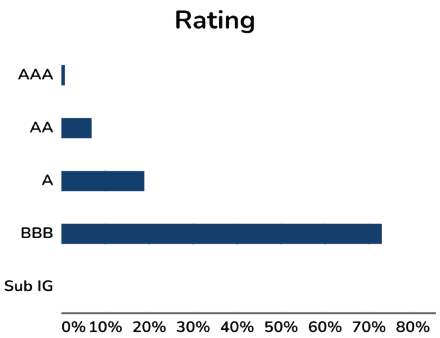
Accomplished

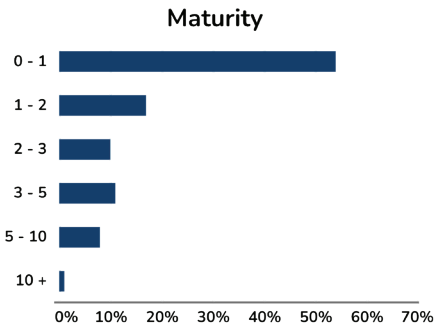
Head Corporate Trader and Director at major Canadian dealers responsible for billions of at-risk capital

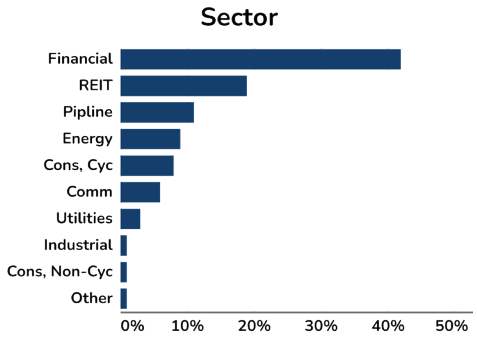
Conservative

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	0.17	0.07	0.16	0.20	-0.05			2.09
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
Management fee	1.90% (A/TA/US) 0.90% (F/TF/US)
Performance fee	15%, high watermark
Fund Administrator	SGGG Fund Services Inc.
Auditor	PwC LLP
Distributions	*Monthly* (4%/yr target; TA/TF) *Quarterly* (A/F/US)
Fundserv	YTM401 (A) YTM402 (TA) YTM404 (A-USD) YTM405 (F) YTM406 (TF) YTM408 (F-USD)
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.

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As of OCTOBER 31, 2026. FTSE Bond = FTSE Canada Universe 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. Performance is net of fees and expenses, is for Class F, distributions reinvested. **ytmcapital.com**

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