

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

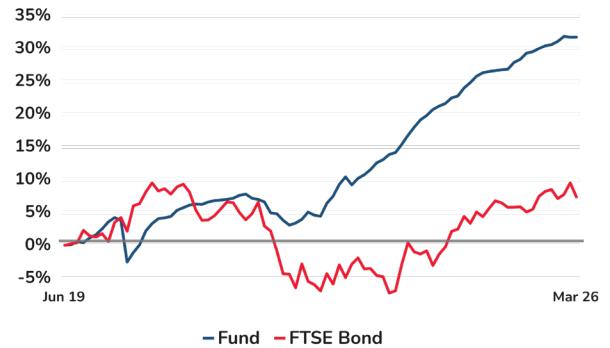


Uncorrelated

Compelling fixed-income alternative

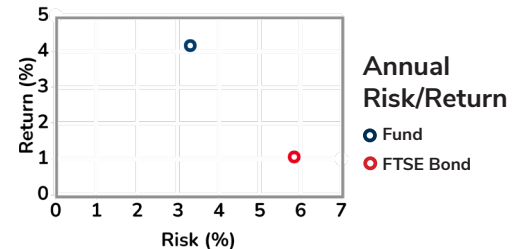
Net Performance

	1 month	1 year	3 year	5 year	S.I.
Fund	0.01%	3.86%	6.45%	4.40%	4.21%
FTSE Bond	-1.97%	0.83%	3.40%	0.68%	1.05%



Risk

LOW	MEDIUM	HIGH	
CR01 as a percent of NAV	0.039%	Months Positive	81%
Average Weighted Maturity	1.6 years	Best Month	2.13%
Modified Duration	1.15	Worst Month	-6.11%
Annualized Standard Deviation	3.3%	Maximum Drawdown	-6.52%
Sharpe Ratio	0.54	Upside Capture - FTSE Bond	39
Correlation to FTSE Bond	0.28	Downside Capture - FTSE Bond	-10



Portfolio Manager Commentary

Daniel Child CA, CPA, CFA

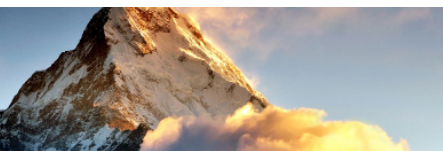
Edward Winiarz CFA

The constructive "Goldilocks" narrative that defined the start of the year faced a significant stress test in March. The Middle East conflict and a subsequent energy price shock forced a repricing of risk across the global credit complex. While the Canadian Investment Grade (CAD IG) market demonstrated its characteristic lower-beta resilience compared to the US, spreads nonetheless widened to their softest levels in nine months. CAD IG widened by 4bps in March to an Option-Adjusted Spread (OAS) of +93bps, marking the widest level since July 2025. In comparison, US IG widened by 5bps to +89bps. Since the US widening cycle began in early February, CAD credit has outperformed US IG by approximately 5 bps. This is consistent with historical movements where the Canadian market acts as a defensive harbor during periods of high US Treasury volatility. The front end of the curve (1-5yr) bore the brunt of the widening, moving +6bps higher. The belly (5-10yr) followed at +5bps, while long-end credit (10yr+) showed relative strength, widening only +2bps. This flattening of the credit curve suggests that while immediate liquidity and inflation concerns are hitting the front end, long-term structural demand for duration remains intact.

The divergence in sector performance this month was driven almost entirely by the Oil Shock. Energy/Mining was the only sector to tighten in March, benefiting from the inflationary spike in crude. Financials & Autos, Credit Unions, and Mid-Cap Banks were the clear laggards, driven by specific widening in FBOCAN (Fixed-to-Floating) structures. Financials as a whole have widened 13bps YTD. REITs faced pressure across the entire curve, widening 10bps on the month as the prospect of delayed Bank of Canada rate cuts weighed on cap rate expectations.

Despite a lack of liquidity in secondary markets during the peak of the Iran conflict, the primary market remained functional, albeit at a cost. March supply reached \$14.35bn, a slight increase year-over-year but notably lower than the record-breaking January and February prints. Issuance was heavily skewed toward Financials (\$7.4bn) and TMT (\$4.25bn), which together accounted for 80% of total supply. Total YTD supply stands at \$48.6bn, a staggering 32% increase over the same period last year. While fund flows remain robust, the heavy issuance calendar is beginning to require larger new-issue concessions, which is contributing to secondary market spread drift.

We remain historically light on credit risk. Despite this positioning, we have been able to increase our gross running yields through opportunistic tactical trading in the very front end of the curve. We remain cautious in the near term, focusing on high-quality, short duration bonds with large breakevens to insulate vs renewed volatility.



Portfolio Managers



Seasoned

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



Accomplished

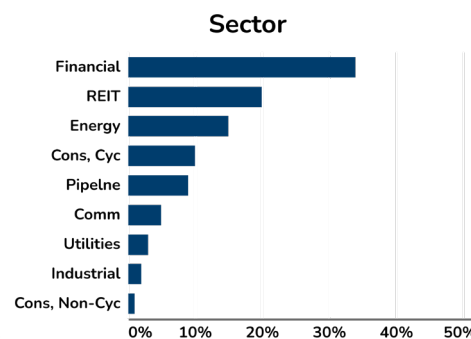
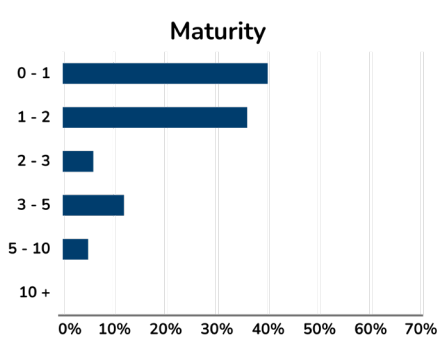
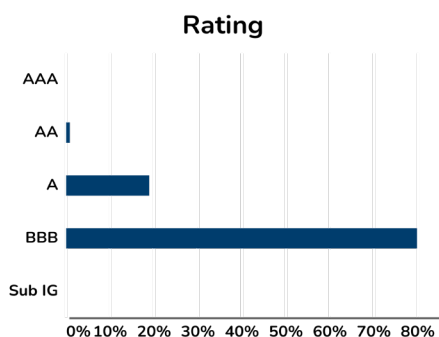
Head Corporate Trader and Director at major Canadian dealers responsible for billions of at-risk capital



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										0.51
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.

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As of MARCH 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

