

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

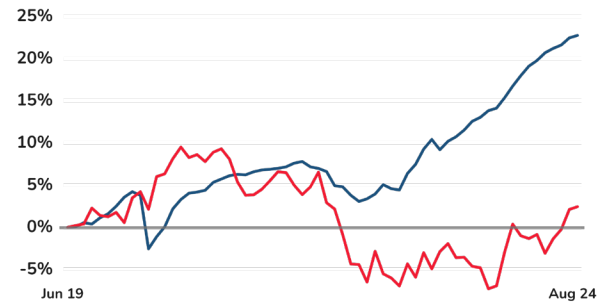


Uncorrelated

Compelling fixed-income alternative

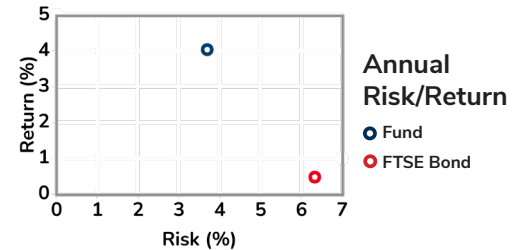
Net Performance

	1 month	1 year	3 year	5 year	S.I.
Fund	0.23%	8.59%	4.69%	4.10%	4.03%
FTSE Bond	0.33%	7.61%	-1.28%	0.03%	0.47%



Risk

LOW	MEDIUM	HIGH	
CR01 as a percent of NAV	0.052%	Months Positive	77%
Average Weighted Maturity	1.6 years	Best Month	2.13%
Modified Duration	0.26	Worst Month	-6.11%
Annualized Standard Deviation	3.7%	Maximum Drawdown	-6.52%
Sharpe Ratio	0.46	Upside Capture - FTSE Bond	38
Correlation to FTSE Bond	0.29	Downside Capture - FTSE Bond	-6



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

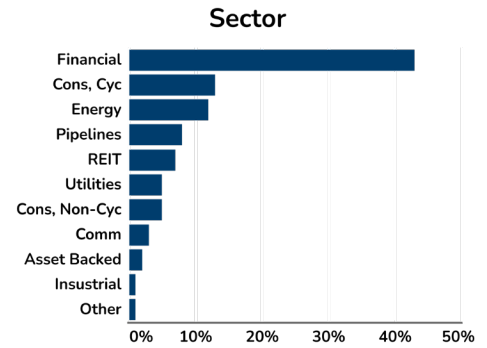
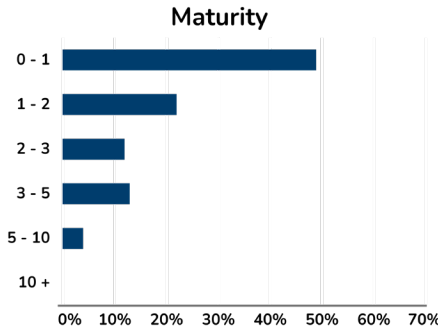
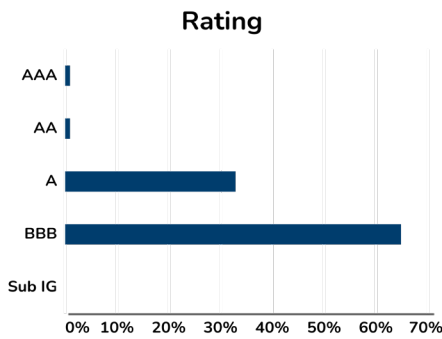
Head Corporate Trader and Director at major Canadian dealers responsible for billions of at-risk capital



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	1.06	1.02	0.50	0.76	0.44	0.32	0.71	0.23					5.15
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 (5%/yr target; TA/TF) Quarterly (A/F)
Management fee	1.90% (A/TA) 0.90% (F/TF)	Fundserv	YTM401 (A) YTM402 (TA) YTM405 (F) YTM406 (TF)
Performance fee	15%, high watermark	Reg Plans	Yes
Fund Administrator	SGGG Fund Services Inc.	Auditor	PwC LLP

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 * June 24 - 30, 2019. **FTSE Bond** = FTSE Canada Universe Bond Index. CR01 measures how much the Fund's value is impacted by a 1 basis point change in credit spreads. Sharpe Ratio is calculated using a 3 month Government of Canada 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

