YTM Capital Fixed Income Alternative Fund

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

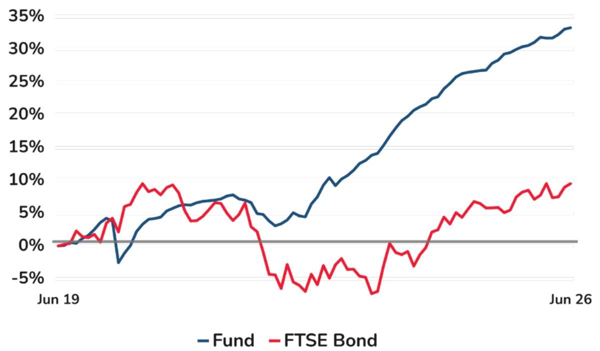
Target
Long-term net returns of 4% - 6% with low volatility

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	0.17%	3.86%	6.12%	4.52%	4.18%
FTSE Bond	0.51%	3.44%	4.32%	0.74%	1.30%

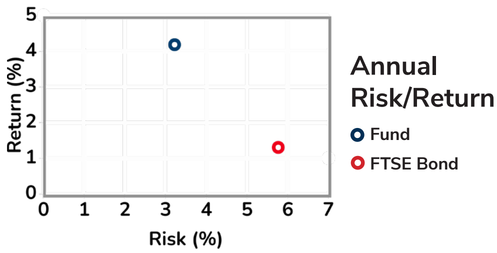


Risk

LOW | MEDIUM | HIGH

CR01 as a percent of NAV	0.032%
Average Weighted Maturity	1.9 years
Modified Duration	0.93
Annualized Standard Deviation	3.2%
Sharpe Ratio	0.56
Correlation to FTSE Bond	0.28

Months Positive	82%
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

The Canadian investment-grade credit market enters the second half of 2026 from a position of remarkable technical resilience, having efficiently absorbed a record-breaking CAD $35.0 billion in primary issuance during June with only a marginal 3 basis point widening. This performance, which brought year-to-date issuance to a staggering CAD $120.4 billion—already the fourth-highest annual total on record—underscores a market defined by deep institutional liquidity and persistent retail demand. Looking forward, the outlook for the remainder of the year hinges on the balance between this unprecedented supply pipeline and the “wall of cash” represented by robust fund inflows and a looming CAD $60.9 billion maturity and call schedule over the next six months.

The macro backdrop remains generally constructive for credit, albeit with emerging pockets of volatility. The recent 25% collapse in energy prices, with WTI Crude falling to $69.50/bbl, is a disinflationary tailwind that supports consumer purchasing power and reduces input costs for much of corporate Canada. However, this has naturally pressured the Energy and Mining sectors, which led the monthly widening at +5 bps. Conversely, the successful execution of Amazon’s inaugural CAD transaction signaled that the “Consumer Retail” sector (which accounted for 40% of June’s issuance) has become a primary driver of market duration. With the BoC and the Fed navigating distinct economic trajectories—evidenced by the 142 bp spread between US and Canadian 2-year yields—we expect Canadian credit to continue offering a compelling yield-to-worst of approximately 3.97%, providing a meaningful income cushion even if global rate volatility persists.

The technical outlook favors a stabilization of the curve, particularly in the long end which bore the brunt of recent supply-driven pressure. The 10+ year segment saw OAS widen by 4 bps to 129 bps, reflecting a duration-heavy issuance calendar where over $12.5 billion was priced in maturities exceeding 10 years. However, the stability of the BBB-to-A spread ratio at 1.31x suggests that there is no broad-based “flight to quality” or fear of credit migration. Instead, the market is characterized by a “risk-on” appetite for high-quality carry, with nearly 73% of new supply rated AA or A. We anticipate that as the primary market takes its seasonal mid-summer breather, these newly issued, high-quality benchmarks will see secondary tightening as investors rebalance portfolios using the $26.87 billion in maturing bank paper slated for the second half of the year.

While 86 bps for the Canadian Corporate OAS is tight relative to historical averages, the all-in yield near 4% remains attractive for pension funds and life insurers seeking to match long-term liabilities. And our fund continues to generate a running yield in that range. The primary risk to this outlook remains a potential “issuance indigestion” if Year-to-Date volumes continue at this record clip, potentially forcing higher new issue concessions. However, with credit volatility and rate volatility historically suppressed, the path of least resistance for Canadian credit spreads appears to be sideways-to-tighter into the fall. In this environment, we took risk down in the Fund marginally as current valuations offer less compelling spread tightening opportunities.

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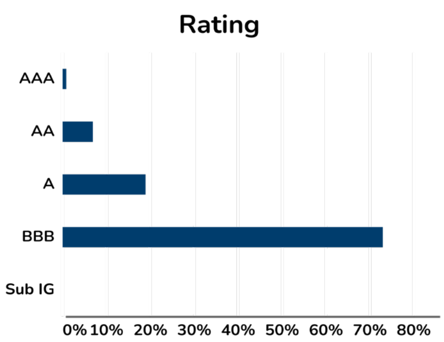
Portfolio Managers

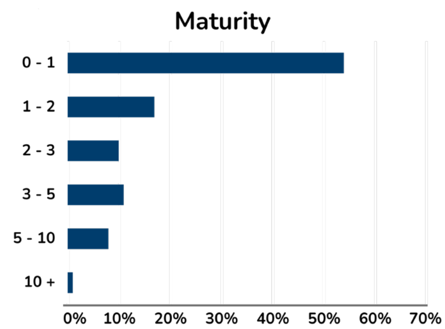
Seasoned
More than 41 combined years of portfolio management and fixed-income experience

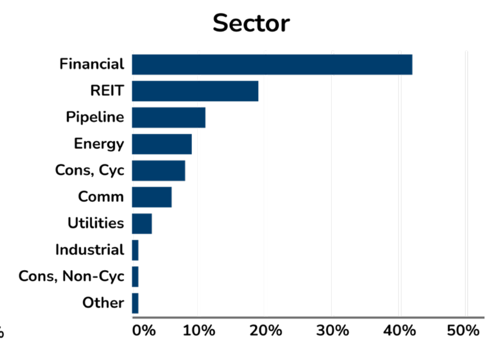
Accomplished
Head Corporate Trader and Director at major Canadian dealers responsible for billions of at-risk capital

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

Portfolio







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							1.70
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)		
Performance fee	15%, high watermark	**Fundserv**	YTM401 (A) YTM402 (TA) YTM404 (A-USD) YTM405 (F) YTM406 (TF) YTM408 (F-USD)
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.

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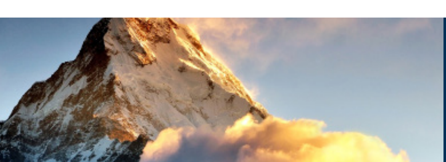
As of JUNE 30, 2026 * June 24 - 30, 2019. **FTSE Bond** = FTSE Canada Universe Bond Index. CR01 measures the impact of a 1 basis point change in credit spreads on the Fund's value. Sharpe Ratio is calculated using a 3 month GOC Treasury Bill as the risk free rate. Drawdown represents the percentage loss 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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