

YTM Capital Credit Opportunities Fund



Strategy

Long / short hedge fund delivering Canadian investment grade credit exposure



Target

Long-term net returns of 6% - 8% with low volatility



Portfolio

Short maturity investment grade credit with neutralized interest rate risk

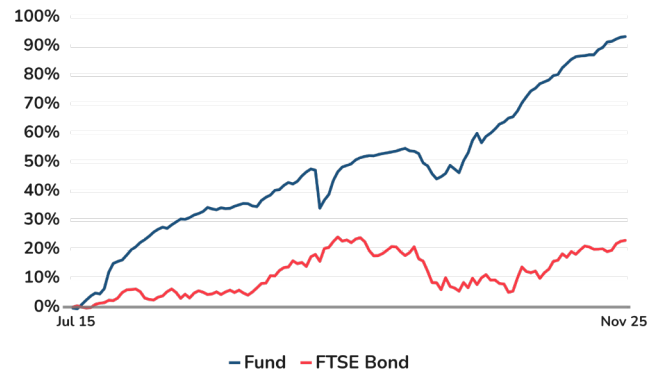


Uncorrelated

Compelling fixed-income alternative

Net Performance

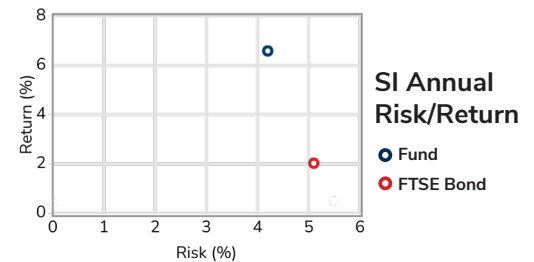
	1 month	1 year	3 year	5 year	10 year
Fund	0.11%	4.23%	8.71%	5.09%	6.40%
FTSE Bond	0.27%	3.25%	4.28%	-0.07%	2.11%



Risk

LOW	MEDIUM	HIGH
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CR01 as a percent of NAV	0.039%	Months Positive	79%
Average Weighted Maturity	1.5 years	Best Month	5.33%
Modified Duration	0.45	Worst Month	-8.89%
Annualized Standard Deviation	4.4%	Maximum Drawdown	-9.18%
Sharpe Ratio	1.07	Upside Capture - FTSE Bond	58
Correlation to FTSE Bond	0.22	Downside Capture - FTSE Bond	-29



Portfolio Manager Commentary

Daniel Child CA, CPA, CFA

Edward Winiarz CFA

Canadian IG demonstrated notable resilience in November, despite elevated risk barometers globally. The +1bp widening vs. +2bps in US IG reflects CAD's relative defensive posture, even if the outperformance was marginal. The current option adjusted spread of 88bps sits just 3bps above 52-week lows, signaling tight valuations with limited cushion for spread widening. Defensive sectors (Utilities, Infrastructure) outperformed as risk-off sentiment crept in, while bank-related paper (Insurance, NVCC, Bail-in) underperformed—likely reflecting anticipated supply indigestion ahead of anticipated December bank issuance. YTD, Banks have been the best performers (-27bps), but November's +2-3bps widening in bank-related sectors signals fatigue. Real Estate/REITs have seen extraordinary YTD tightening (-26bps) alongside heavy issuance (\$10.4bn), indicating genuine demand improvement for rate-sensitive sectors.

A \$140.6 billion record YTD issuance signals extraordinary issuer confidence and robust investor demand despite tight spreads. The 55% surge above 10-year November averages reflects accelerated pre-funding and favorable funding arbitrage. There have been 34 inaugural issuers in 2025, diversifying the market's credit composition materially. Insurance issuance exploded nearly 5x YoY (\$6.3bn > \$30.0bn), likely driven by regulatory capital needs and opportunistic funding. The shift toward 7-10yr tenors in November suggests issuers are locking in duration while rates remain attractive, potentially front-running further rate volatility. BBBs continue to dominate issuance (60%), reflecting the market's appetite for yield enhancement at the lower-IG boundary. The BBB-A basis at 30bps (52-week low) indicates compressed risk premia—investors are being paid historically little for the incremental credit risk of BBBs vs. As. The 1.40x ratio is near the bottom of its range, suggesting BBBs are relatively expensive vs. As. The 11% HY/unrated share signals growing risk appetite, but also raises concerns about credit quality deterioration in new issuance.

We expect that December will see a rotation back to bank-heavy issuance (~53% historical average), providing welcome supply in a market starved for quality short/mid-duration paper. The anticipated 3-7yr, single-A supply profile should provide relative value opportunities vs. the BBB-heavy November supply. Post-blackout bank bail-in issuance will test investor appetite given November's +2-3bps underperformance in bank-related sectors.

We took overall risk down almost 17% during November. We believe overall market asymmetry is unfavorable: limited upside (spreads already tight) with meaningful downside on macro vol. Alpha generation is shifting entirely from outright spread tightening to highly precise curve positioning and quality switches.



Portfolio Managers



Seasoned

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



Accomplished

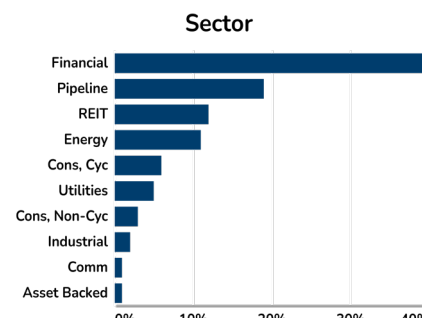
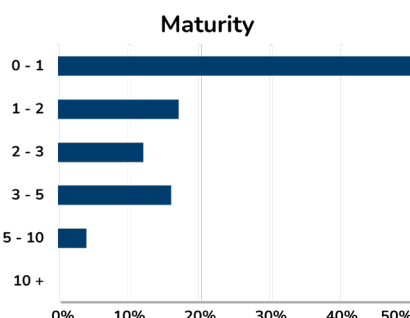
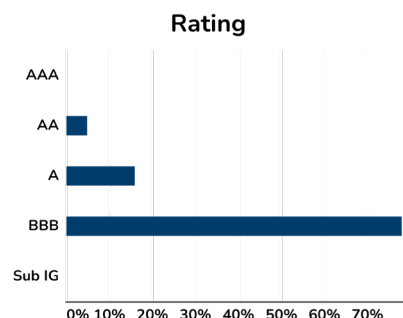
Head Corporate Trader and Director at major Canadian dealers responsible for billions of at-risk capital



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
2025	0.13	0.06	0.17	-0.01	0.94	0.42	0.98	0.12	0.42	0.33	0.11		3.72
2024	1.25	1.15	0.52	0.89	0.37	0.38	0.83	0.19	1.31	0.79	0.80	0.49	9.34
2023	2.84	1.55	-2.03	1.41	0.67	0.89	1.07	0.41	0.85	0.28	1.19	1.68	11.28
2022	-0.54	-2.09	-0.68	-1.83	-1.22	0.52	0.78	1.91	-0.85	-0.85	2.80	1.79	-0.40
2021	0.30	0.18	-0.05	0.29	0.22	0.18	0.18	0.20	0.34	0.27	-0.55	-0.09	1.48
2020	0.69	-0.29	-8.89	2.07	1.43	3.47	2.08	1.14	0.36	0.38	0.92	0.47	3.33
2019	1.55	0.82	0.55	1.18	0.17	1.04	0.69	-0.36	0.66	0.42	0.87	0.95	8.86
2018	1.06	-0.37	-0.23	0.53	-0.16	0.07	0.47	0.38	0.39	-0.09	-0.58	-0.16	1.32
2017	1.14	0.84	0.52	-0.28	0.94	0.77	0.74	-0.09	0.44	0.73	0.41	0.46	6.82
2016	-0.30	1.74	5.33	2.66	0.64	0.38	1.50	1.54	0.84	1.25	0.79	0.94	18.62
2015							-0.43	-0.13	1.52	1.44	1.41	0.96	4.84

Fund Details

Transactions Monthly

Distributions

Monthly (4%/yr target; TA,TF)
Quarterly (A,F)

Redemptions 30 days notice

Reg Plans

Yes

Management fee 2.00% (A, TA)
1.50% (F, TF)

Fundserv

YTM500 (A)
YTM530 (TA)
YTM510 (F)
YTM540 (TF)

Performance fee 15%,
Highwater Mark

YTM Capital

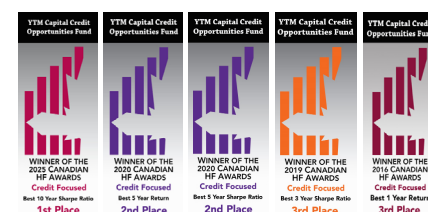
YTM is a credit fund manager established in 2010, based in Oakville, Ontario that focuses on providing better fixed income solutions.

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As of NOVEMBER 30, 2025. FTSE Bond = FTSE Canada Universe Bond Index. CR01 measures the impact on a Fund's value of a 1 basis point change in credit spreads. Sharpe Ratio is calculated using a 3 month GOC T-Bill as the risk free rate. Drawdown represents the loss for the Fund from peak to trough. In risk/return chart, risk is represented by standard deviation since inception ("SI" = July 1, 2015) and returns are SI. The Canadian Hedge Fund Awards are administered by Alternative IQ. The awards are based on a quantitative measure of a fund's performance in the Credit Focused category. Of the 33 funds considered, the Fund had the 3rd highest return for the year ending June 30, 2016. Of the 27 funds considered, the Fund had the 3rd highest Sharpe ratio for the 3 years ending June 30, 2019. Of the 18 funds considered, the Fund had the 2nd highest Sharpe ratio and 2nd highest return for the 5 years ending June 30, 2020. Of the 10 funds considered, the Fund had the highest Sharpe ratio for the 10 years ending June 30, 2025. This document is for information only and is not intended to solicit orders for the Fund. Investors should read the Offering Memorandum (OM), including the risk section before investing. You can obtain the OM from YTM Capital Asset Management Ltd. 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, Initial Series, distributions reinvested, and the SI figure is annualized. Rating and maturity information exclude cash and GOC 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. www.ytmcapital.com