

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

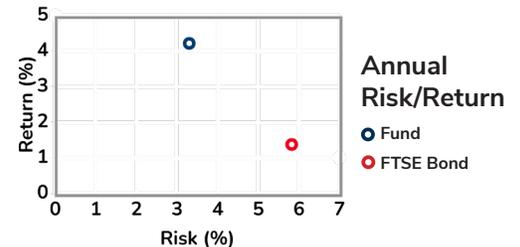
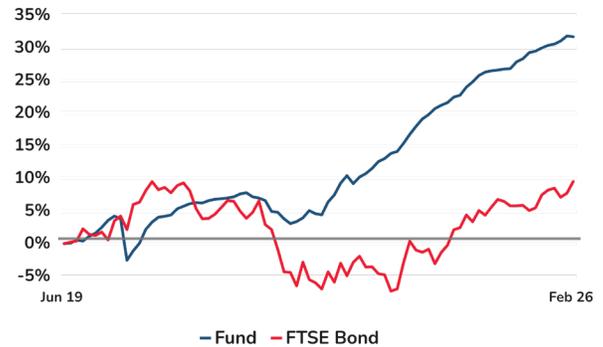
Compelling fixed-income alternative

Net Performance

	1 month	1 year	3 year	5 year	S.I.
Fund	-0.09%	4.03%	6.06%	4.38%	4.21%
FTSE Bond	1.66%	2.57%	4.83%	0.78%	1.37%

Risk

LOW	MEDIUM	HIGH	
CR01 as a percent of NAV	0.036%	Months Positive	81%
Average Weighted Maturity	1.7 years	Best Month	2.13%
Modified Duration	0.29	Worst Month	-6.11%
Annualized Standard Deviation	3.3%	Maximum Drawdown	-6.52%
Sharpe Ratio	0.57	Upside Capture - FTSE Bond	39
Correlation to FTSE Bond	0.27	Downside Capture - FTSE Bond	-11



Portfolio Manager Commentary

Daniel Child CA, CPA, CFA

Edward Winiarz CFA

February marked a shift in tone for Canadian credit markets. After several months of highly supportive technicals driving spreads tighter, a combination of heavy issuance, moderating rates, and macro uncertainty led to spread softening. Canadian IG widened +12bps over the month. Longer-duration bonds underperformed, widening +13bps, followed by the front-end at +12bps, with the belly proving relatively resilient at +11bps. Quality dispersion was limited, and the BBB-A basis held steady at +25bps, although certain higher-quality sectors, including some PE-backed insurers, faced pressure amid renewed private credit headlines.

Issuance was the defining feature of the month with \$17.8bn in new supply, more than double the trailing 10-year February average of \$8.3bn and a monthly record. Unlike the typical February skew toward higher-rated bank issuance, this month featured heavier BBB supply at 42%, with A-rated issuance at 38% and high yield at 11%, supported by hybrid structures. The 5-7 year tenor remained the most popular at 55% of total issuance, though longer-dated supply increased meaningfully, with 10-year+ bonds comprising 25% of the total. Notably, Goldman Sachs printed an 11NC10 Maple transaction, marking the first U.S. bank Maple deal of the year. Average spread-to-benchmark widened to +140bps from +113bps in January, reflecting longer tenors and greater concession, while the average coupon rose to 4.37% from 4.16%.

YTD issuance trends show autos accounting for 11% of supply versus a historical average of 6%, while utilities have represented just 4% versus a historical 8%. We expect utilities to become a more meaningful driver of supply as energy demand forecasts continue to move higher. On the fundamental side, Q4 reporting is nearing completion and, broadly speaking, corporate metrics remain stable. While the Canadian consumer continues to face pressure, most issuers have demonstrated resilience, and we have seen limited evidence of systemic stress outside of isolated idiosyncratic situations.

We enter March with volatility picking up at a time when valuations remain historically tight on a spread basis. Heavy supply and episodic headline risk are testing technical support, and dispersion is beginning to increase. In this environment, we remain selective in adding risk where new issue concessions are compelling, and being disciplined around credits. While spreads leave less margin for error than earlier in the year, stable fundamentals and the re-emergence of volatility create opportunity for active long/short credit strategies to generate alpha through relative value selection and tactical positioning.



Portfolio Managers



Seasoned

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



Accomplished

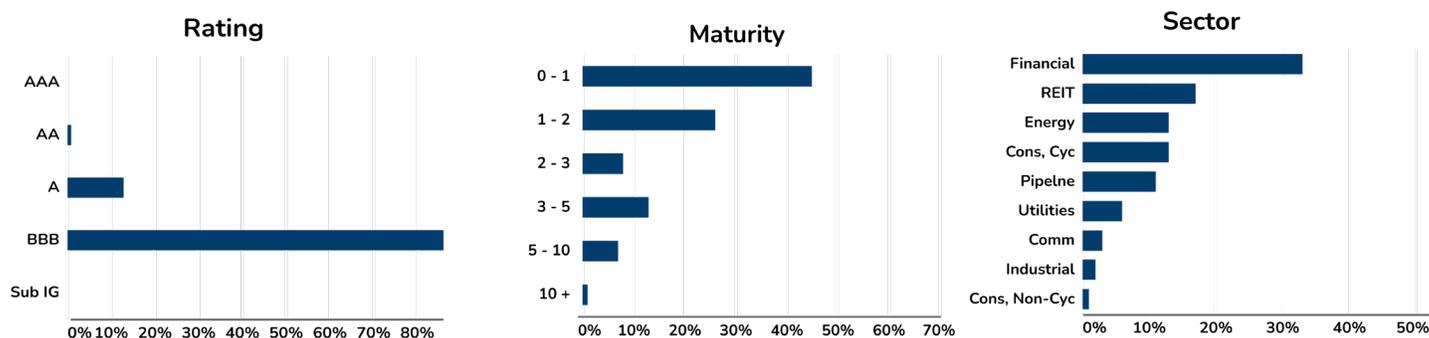
Head Corporate Trader and Director at major Canadian dealers responsible for billions of at-risk capital



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											0.50
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 FEBRUARY 28, 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

