

YTM Capital Fixed Income Alternative Fund

Annual Management Report of Fund Performance

For the year ended December 31, 2020

This annual management report of fund performance (“**Annual MRFP**”) contains financial highlights but does not contain the complete annual financial statements of the Fund.

You can get a copy of the annual financial statements at your request, and at no cost, by calling toll-free 1-833-828-4098, by writing to us at 202 – 295 Robinson Street, Oakville, ON L6J 1G7, or by visiting our website at www.ytmcapital.com, or SEDAR at www.sedar.com.

Unitholders may also contact us using one of these methods to request a copy of the Fund’s annual financial report, proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

Forward-Looking Statements

This annual Management Report of Fund Performance contains forward-looking statements (“FLS”). FLS are statements about possible events, conditions or results of operations that are based on assumptions about future economic conditions and courses of action. FLS includes future-oriented financial information about prospective results of operations, financial position or cash flows that is presented either as a forecast or a projection. Future-oriented financial information is FLS about prospective results of operations, financial position or cash flows, based on assumptions about future economic conditions and courses of action.

FLS can be identified by the use of forward-looking words, including: “may”, “will”, “should”, “expect”, “anticipate”, “target”, “project”, “estimate”, “intend”, “continue” or “believe”. Similar other words may also be used. Actual performance of the Fund may be materially different from the performance reflected or contemplated in the FLS. The risks factors that may impact actual performance are discussed under the heading “What are the Risks of Investing in the Fund?” in the Fund’s Simplified Prospectus.

Investors are also cautioned that FLS is based on a number of factors and assumptions, including a Fund’s current plans, estimates, opinions and analysis made in light of its experience, current conditions and expectations of future developments, as well as other relevant factors. These factors can change over time. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in FLS are subject to change without notice and are provided in good faith but without legal responsibility.

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Management Discussion of Fund Performance for the year ended December 31, 2020

This report provides YTM Capital's view of significant factors and developments impacting YTM Capital Fixed Income Alternative Fund ("Fund") and information about the Fund's performance and operations. The report covers the period from January 1, 2020 to December 31, 2020 ("Year"). YTM Capital Asset Management Ltd. ("YTM Capital") is the Fund's investment fund manager, trustee and portfolio advisor. Net asset value ("NAV") refers to the value of the Fund. All monetary financial information is reported in Canadian dollars and is expressed in millions, unless otherwise indicated.

Investment Objective and Strategies

Investment objective: The Fund seeks to provide maximum risk adjusted returns over the long term and to preserve capital, by investing primarily in fixed-income securities, cash, and by entering into derivatives arrangements. It uses alternative strategies including short sales, cash borrowing for investment purposes, and derivatives, in the process creating leverage. The maximum aggregate exposure created by leverage is 300% of the Fund's net asset value, unless otherwise permitted by securities legislation.

Investment strategies: The Fund generally uses three core investment strategies to seek its investment objective: (i) carry trades; (ii) active trading; and (iii) new issuances. For more information about these strategies, refer to the Fund's simplified prospectus ("**Prospectus**").

Risk

The risks associated with investing in the Fund are described in the Prospectus and have not changed. An important risk to the Fund is credit exposure. That means if the market reacts negatively to the creditworthiness of an issuer relative to government securities, the Fund could experience losses in value. The Fund had relatively low credit exposure at the start of the year. The portfolio managers reduced it substantially during March, the most acute time of COVID-19 market stress. They gradually increased credit exposure in April and May, but then generally reduced credit risk during the remainder of the Year so that credit exposure gained through leverage was at a low level at the end of the Year.

These changes in credit exposure, and other risks experienced by the Fund, had no impact on YTM Capital's assessment of the suitability or investor risk tolerance, as described in the Prospectus, which is: The Fund is suitable for someone who is looking for low to medium risk, diversified portfolio of alternative investment strategies to hold as part of their balanced portfolio and has a medium to longer term investment horizon.

Results of Operations

Performance

During the Year, Series F units returned 2.08% and Series A units returned 1.31%. Differences in performance result from different fees being charged to each Series. The FTSE Canada Universe Bond Index ("**FTSE Bond**") returned 8.69% for the Year. The Fund's return is net of fees and expenses for professional management. Investors cannot invest in an index without incurring fees, expenses, and commissions, which are not reflected in index returns. All performance results are calculated on a total return basis in Canadian dollars.

The Fund underperformed the FTSE Bond because of the impact of interest rates. During the Year interest rates fell in response to the COVID-19 pandemic. Those interest rate declines made the bonds that comprise the FTSE Index more valuable. The Fund had negligible exposure to interest rates during the Year and therefore did not experience the same type of lift.

The Year started with tentative credit market performance in January and February. March was an unprecedented time for credit markets with a substantial loss in value and liquidity that was more sudden than the Credit Crunch in 2008/09. The recovery since March has been surprising, given the depth of economic shock that was experienced and the ground that must be travelled to reach pre-pandemic levels. Accordingly, the portfolio managers have positioned the Fund defensively at Year end, both in terms of maturity and credit quality, relative to what they would expect to be the average risk position over the longer term.

Net Assets

The NAV of the Fund increased from \$21.3 million on January 1, 2020, to \$46.6 million on December 31, 2020. This change was composed primarily of net sales of \$24.6 million combined with positive investment performance that resulted in an overall increase in NAV for the year ended December 31, 2020. The Fund paid distributions of \$1,381,104 during the Year.

Leverage

The Fund can create leverage by borrowing securities, borrowing cash, or by using derivatives to generate investment exposure that would otherwise not be available. The maximum permissible aggregate exposure created by leverage is 300% of

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the Fund's NAV. Leverage is calculated by adding together (i) market value of securities sold short; (ii) the amount of cash borrowed for investment purposes; and (iii) the notional value of derivatives positions used for non-hedging purposes, divided by the Fund's NAV. The Fund has received a partial exemption from the National Instrument 81-102 rule that limits short sales to 50% of a fund's NAV from securities regulators. The Fund is permitted short sell up to 300% of its NAV in "government securities" as that term is defined in NI 81-102.

During the Year the Fund's leverage ranged from 142% to 276% of the Fund's NAV. The low end of the range occurred on February 28, 2020 and the high end was reached on May 26, 2020 when the Fund increased its exposure to credit. The primary source of leverage was physical short positions in Government of Canada bonds and a secondary, much smaller source, was cash borrowing. The Fund did not use derivatives during the Year. The proceeds of the short positions were used to purchase investment grade corporate bonds.

Portfolio Changes

The average maturity of the portfolio during the Year ranged from 1.2 years to 2.3 years, settling at 2.3 years at the end of the Year. The portfolio was diversified on a sector basis throughout the Year, with an emphasis on Financial Services holdings, which represented from 51% to 74% of the Fund's portfolio. The predominant credit rating of issues held by the Fund was BBB, with that allocation increasing from 69% at the end of January to 81% at the end of December.

Recent Developments

The true impact of the COVID-19 pandemic is yet to be determined, both in Canadian and International economies. There is continuing uncertainty about the length of the second wave and the possibility of a third wave. At the end of the Year, the Fund was positioned defensively. Depending on how the economy and the market react over the next several months, the portfolio managers will determine how to position the Fund.

On September 30, 2020, Series A Founders was merged into Series A and Series F Founders was merged into Series F. These were planned mergers at the time the Fund was launched.

Related Party Transactions

YTM Capital earns a management fee payable by the Fund for providing services to the Fund. The management fee varies for each series of units, as shown below. The management fee is calculated and accrued daily based on a percentage of the NAV of the series of units, plus applicable taxes, and is payable on the last day of each calendar month.

Series A units	1.90% per annum
Series F units	0.90% per annum
Series I units	Negotiated by the unitholder and paid directly by the unitholder to YTM Capital. The management fee rate will not exceed the management fee payable on Series A units of the Fund

For the Year, the management fees earned, inclusive of applicable taxes, was \$309,421.

YTM Capital may also earn a performance fee from each Series of the Fund. The Fund pays YTM Capital a performance fee each calendar quarter equal to 15% of the net profit for Series A and Series F units, each subject to a high watermark. Unit-holders in Series I units may negotiate a performance fee to be paid by the unitholder that is different than the one described above or no performance fee at all. The performance fee is calculated and accrued for each Series on a daily basis during each Performance Fee Determination Period and, with respect to an intra-quarter redemption of units of a series, on the relevant redemption date.

YTM Capital earned \$225,062 in performance fees during the Year.

The Fund is responsible for all of its operating expenses, including legal, audit, IRC fees and expenses, and all other expenses incurred in the ordinary course of operations.

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Financial Highlights - for the year ended December 31, 2020

The following tables show selected key financial information about Series A, A Founders, F, and F Founders units of the Fund, respectively, and are intended to help you understand the Fund's financial performance during the Year. Series A Founders and Series F Founders were merged into Series A and F respectively on September 30, 2020.

The Fund's Net Asset Value (NAV) per Series A Unit (1) (2)	Dec 31, 2020	Dec 31, 2019
Net asset value, beginning of period	\$10.22	\$10.00
Increase from operations:		
Total revenue	0.67	0.46
Total expenses	(0.68)	(0.23)
Realized losses for the period	0.31	(0.01)
Unrealized gains for the period	(0.02)	0.29
Total increase from operations ⁽³⁾	\$0.32	\$0.51
Distributions:		
From income (excluding dividends)	(0.49)	(0.16)
Total annual distributions ^{(3) (4)}	\$(0.49)	\$(0.16)
Net asset value, end of period ⁽³⁾	\$10.08	\$10.22
Ratios and Supplemental Data		
Total net asset value ⁽⁵⁾	\$4,289,748	\$955,824
Number of units outstanding ⁽⁵⁾	425,659	93,510
Management expense ratio ⁽⁶⁾	3.40%	0.87%
Management expense ratio before waivers or absorptions ⁽⁶⁾	3.43%	4.83%
Trading expense ratio ⁽⁷⁾	0.81%	0.71%
Portfolio turnover rate ⁽⁸⁾	474.15%	240.73%
Net asset value per unit	\$10.08	\$10.22

The Fund's Net Asset Value (NAV) per Series A Founders Unit (1) (2)	Dec 31, 2020	Dec 31, 2019
Net asset value, beginning of period	\$10.15	\$10.00
Increase from operations:		
Total revenue	0.38	0.44
Total expenses	(0.47)	(0.24)
Realized gains/(losses) for the period	0.23	-
Unrealized gains for the period	(0.10)	0.12
Total increase from operations ⁽³⁾	\$0.04	\$0.32
Distributions:		
From income (excluding dividends)	-	(0.18)
Total annual distributions ^{(3) (4)}	\$ -	(0.18)
Net asset value, end of period ⁽³⁾	\$ -	\$10.15
Ratios and Supplemental Data		
Total net asset value ⁽⁵⁾	\$ -	\$1,670,983
Number of units outstanding ⁽⁵⁾	-	164,670
Management expense ratio ⁽⁶⁾	1.72%	1.37%
Management expense ratio before waivers or absorptions ⁽⁶⁾	1.79%	3.40%
Trading expense ratio ⁽⁷⁾	0.81%	0.71%
Portfolio turnover rate ⁽⁸⁾	474.15%	240.73%
Net asset value per unit	\$ -	\$10.15

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The Fund's Net Asset Value (NAV) per Series F Unit (1) (2)	Dec 31, 2020	Dec 31, 2019
Net asset value, beginning of period	\$10.24	\$10.00
Increase from operations:		
Total revenue	0.73	0.48
Total expenses	(0.60)	(0.22)
Realized gains for the period	0.31	0.01
Unrealized gains for the period	0.08	0.31
Total increase from operations ⁽³⁾	\$0.53	\$0.58
Distributions:		
From income (excluding dividends)	(0.67)	(0.17)
Total annual distributions ^{(3) (4)}	\$(0.67)	\$(0.17)
Net asset value, end of period ⁽³⁾	\$10.14	\$10.24

Ratios and Supplemental Data

Total net asset value ⁽⁵⁾	\$42,341,974	\$4,428,192
Number of units outstanding ⁽⁵⁾	4,175,398	432,529
Management expense ratio ⁽⁶⁾	2.72%	0.55%
Management expense ratio before waivers or absorptions ⁽⁶⁾	2.73%	3.63%
Trading expense ratio ⁽⁷⁾	0.81%	0.71%
Portfolio turnover rate ⁽⁸⁾	474.15%	240.73%
Net asset value per unit	\$10.14	\$10.24

The Fund's Net Asset Value (NAV) per Series F Founders Unit (1) (2)	Dec 31, 2020	Dec 31, 2019
Net asset value, beginning of period	\$10.14	\$10.00
Increase from operations:		
Total revenue	0.38	0.43
Total expenses	(0.40)	(0.19)
Realized gains for the period	0.23	0.01
Unrealized gains for the period	(0.11)	0.11
Total increase from operations ⁽³⁾	\$0.10	\$0.37
Distributions:		
From income (excluding dividends)	-	(0.23)
Total annual distributions ^{(3) (4)}	\$ -	(0.23)
Net asset value, end of period ⁽³⁾	\$ -	\$10.14

Ratios and Supplemental Data

Total net asset value ⁽⁵⁾	\$ -	\$14,218,675
Number of units outstanding ⁽⁵⁾	-	1,402,092
Management expense ratio ⁽⁶⁾	0.96%	0.35%
Management expense ratio before waivers or absorptions ⁽⁶⁾	0.98%	2.20%
Trading expense ratio ⁽⁷⁾	0.81%	0.71%
Portfolio turnover rate ⁽⁸⁾	474.15%	240.73%
Net asset value per unit	\$ -	\$10.14

Notes:

(1) This information is derived from the Fund's unaudited annual financial statements for December 31, 2020 and the audited annual financial statements for the period from commencement of operations on June 24, 2019 to December 31, 2019.

(2) The Fund commenced operations on June 24, 2019; as a result, financial highlights are currently available only from the date of commencement.

(3) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/(decrease) from operations is based on the weighted average number of units outstanding over the financial period.

(4) Distributions were paid in cash or automatically reinvested in additional units of the Fund, or both.

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(5) This information is provided as at period end of the period shown.

(6) Management expense ratio is based on total expenses (excluding distributions, commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average NAV during the period.

(7) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average NAV during the period.

(8) The Fund's portfolio turnover rate indicates how actively YTM Capital manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a funds' portfolio turnover rate in the period, the greater the trading costs payable by the fund in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

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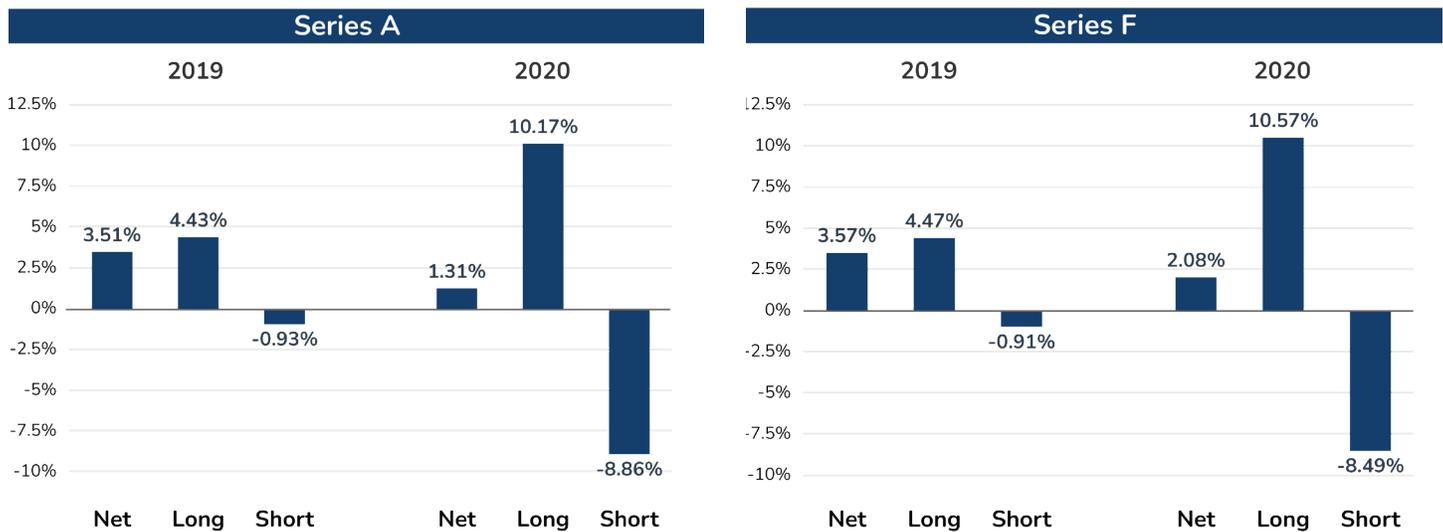
Past Performance - for the year ended December 31, 2020

The following performance information assumes that all distributions made by the Fund in the Period were reinvested in additional units of the Fund and does not take into account sales or other charges that would have reduced performance. Past performance does not necessarily indicate how the Fund will perform in the future.

Year-by-Year Returns

The following bar charts show the Fund's performance during the Year. The bar chart shows, in percentage terms, how much an investment in Series A, and F units, respectively, made on the first day of the Year would have grown by the last day of the Year.

The net returns for the Year, are as follows:



Annual Compound Returns

The following table shows the Fund's annual compound returns for each Series of the Fund, including returns since inception on June 24, 2019. The returns are compared against the FTSE Canada Universe Bond Index.

	1 year	Since inception
Fund, Series A	1.31%	3.15%
Fund, Series F	2.08%	3.70%
FTSE Canada Universe Bond Index	8.69%	6.00%

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Summary of investment portfolio as of December 31, 2020

The following table shows selected key financial information about the Fund, and is intended to assist in the understanding of the Fund's financial performance for the Year. The Investment Portfolio will change over time. Quarterly updates are available at www.ytmcapital.com.

Portfolio Composition

Sector Allocation	% of Net Asset Value		
	Long	Short	Net
Financial	176.9%	-	176.9%
Consumer, Cyclical	11.6%	-	11.6%
Energy	43.3%	-	43.3%
Consumer, Non-cyclical	14.0%	-	14.0%
Industrial	0.6%	-	0.6%
Utilities	6.3%	-	6.3%
Communications	1.4%	-	1.4%
Government	-	(155.7)%	(155.7)%
Total Portfolio Allocation	254.1%	(155.7)%	98.4%
Total Net Asset Value			\$46,633,717

Maturity Allocation

	% of Net Asset Value		
	Long	Short	Net
0 to 1 years	91.4%	(27.9)%	63.5%
1 to 2 years	36.8%	(39.2)%	(2.4)%
2 to 3 years	14.8%	(14.4)%	0.4%
3 to 5 years	39.4%	(42.7)%	(3.3)%
5 to 10 years	54.4%	(31.0)%	23.4%
10 or more years	17.3%	(0.5)%	16.8%
Total Portfolio Allocation	254.1%	(155.7)%	98.4%

Rating Allocation

	% of Net Asset Value		
	Long	Short	Net
AAA	2.1%	(155.7)%	(153.6)%
AA	20.0%	-	20.0%
A	26.3%	-	26.3%
BBB	204.6%	-	204.6%
BB	1.1%	-	1.1%
Total Portfolio Allocation	254.1%	(155.7)%	98.4%

Top 25 Long Holdings

Issuer Allocation	% of Net Asset Value
Enbridge Inc.	19.3%
The Toronto-Dominion Bank	19.1%
Bank of Nova Scotia	16.2%
MCAP Commercial LP	15.0%
Royal Bank of Canada	14.9%
Artis Real Estate Investment Trust	14.2%
Equitable Bank	13.1%
Pembina Pipeline Corp.	11.9%
Nissan Canada Financial Services Inc.	10.3%
Brookfield Property Finance ULC	7.5%
SmartCentres Real Estate Investment Trust	6.2%
Penske Truck Leasing Canada Inc.	6.1%
GE Capital Canada Funding Co.	5.4%
Canadian Natural Resources Ltd.	5.3%
Canadian Western Bank	5.2%
Laurentian Bank of Canada	5.1%
Dollarama Inc.	4.9%
Bank of America Corp.	4.9%
Bruce Power LP	4.7%
Canadian Imperial Bank of Commerce	4.4%
AltaGas Ltd.	4.0%
Bank of Montreal	3.9%
Concentra Bank	3.6%
Coast Capital Savings Federal Credit Union	3.6%
AVIVA PLC	3.1%

Total Percentage of Net Asset Value

Represented by Holdings **254.1%**

All Short Holdings

Issuer Allocation	% of Net Asset Value
Government of Canada Debt	(153.0)%
US Government Debt	(2.7)%
Total Percentage of Net Asset Value	(155.7)%
Represented by Holdings	(155.7)%

The "Top 25 Holdings" of the Fund, as a percentage of Net Asset Value of the Fund, have been presented in accordance with National Instrument 81-106.

The Investment Portfolio may change due to ongoing portfolio transactions of the Fund. Quarterly updates of the Investment Portfolio are available within 60 days of each quarter end.