

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 the ability to neutralize interest rate risk

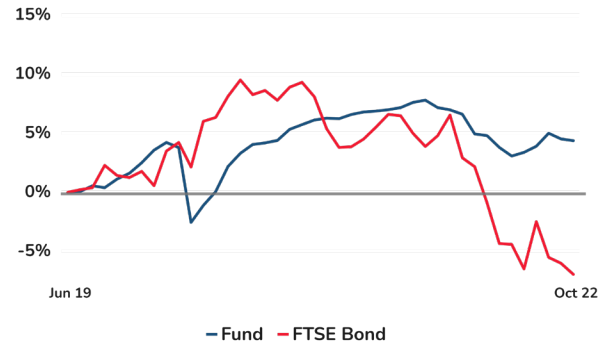


Uncorrelated

Compelling fixed-income alternative

Net Performance

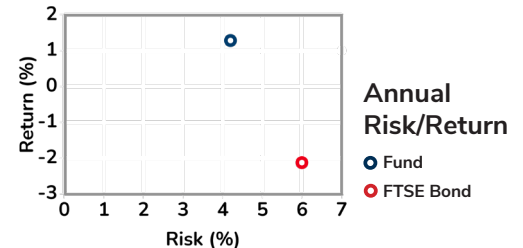
	1 month	1 year	3 year	S.I.
Fund	-0.15%	-3.13%	0.90%	1.28%
FTSE Bond	-1.00%	-10.43%	-2.77%	-2.13%



Risk

LOW	MEDIUM	HIGH
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CR01 as a percent of NAV	0.08%	Months Positive	68%
Average Weighted Maturity	2.4 years	Best Month	2.13%
Modified Duration	-0.06	Worst Month	-6.11%
Annualized Standard Deviation	4.2%	Maximum Drawdown	-6.52%
Sharpe Ratio	0.09	Upside Capture - FTSE Bond	38%
Correlation to FTSE Bond	0.32	Downside Capture - FTSE Bond	15%



Portfolio Manager Commentary

Daniel Child CA, CPA, CFA

Karl Burnham CFA, MBA

Edward Winiarz CFA

Canadian investment grade spreads widened 4 basis points during the month. Concerns over persistent inflation, rising rates, a lack of market liquidity heading into Canadian bank year-end, inconsistent flows into fixed income, and notable new issue concessions, all served to offset relatively benign Q3 corporate earnings.

Short maturity, high-quality credit continues to outperform. The 1 – 5 year Bloomberg Canada Corp Index is down approximately 580 bps YTD with excess returns relative to the comparable Government of Canada Index of approximately - 87 bps YTD, while the Bloomberg Canada All Corp Index is down approximately 1160 bps YTD with excess returns of approximately - 174 bps YTD. In other words, rate hedged, low duration, high quality corporates continue to generate significant alpha on a relative basis within the fixed income landscape.

We continued our recent bias toward upgrading both the quality and liquidity of our portfolios, without sacrificing running yield, and our strategy of finding relative value opportunities that offer sources of uncorrelated alpha. We recently added to our position in short-term CAD Morgan Stanley bonds approximately 100 bps cheaper on a swap equivalent basis versus their USD curve. We believe our ability to quickly identify and exploit these quasi-arbitrage opportunities will generate compelling risk adjusted returns.

While we are positioned cautiously over the near term largely due to macro and liquidity considerations, we believe that current valuations offer long term investors a compelling risk/reward proposition. Given the Fund's running yield of +8% and a focus on short duration assets, the Fund's 1 year forward breakeven levels (an approximation of how far spreads could widen 1 year forward before investors would start losing money) imply spreads that would be close to the crisis level of March 2020. There is scant fundamental data to support those kinds of stress level valuations. This buffer sets up investors with limited downside, a compelling yield, and the potential for significant capital appreciation should spreads revert back to trading on fundamentals.



Portfolio Managers



Seasoned

More than 69 combined years of portfolio management and fixed-income experience



Accomplished

Former Head Corporate Traders at major Canadian dealers responsible for billions of at-risk capital

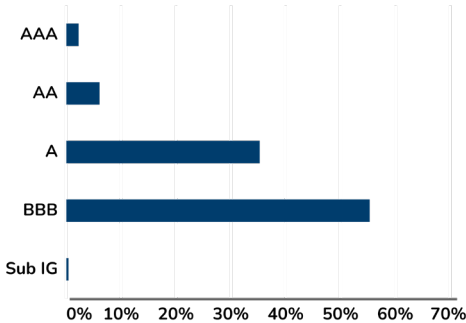


Conservative

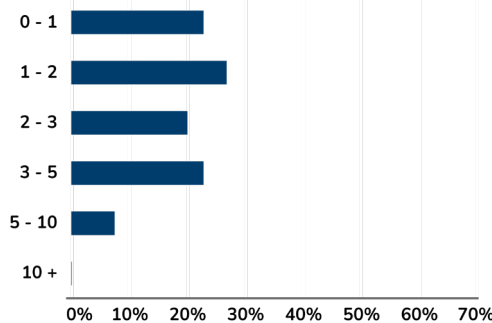
Focused on downside protection, putting capital preservation first while delivering strong risk-adjusted returns

Portfolio

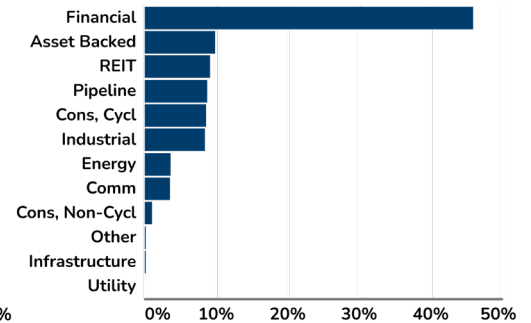
Rating



Maturity



Sector



Monthly Net Performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2022	-0.35	-1.57	-0.14	-0.95	-0.70	0.30	0.50	1.06	-0.46	-0.15			-2.39
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 (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	Registered Plans	Yes
Auditor	PwC LLP	Fund Administrator	SGGG Fund Services Inc.

YTM Capital

YTM is a credit fund manager established in 2010. We have more than \$450 million in assets under management and are based in Oakville, Ontario.

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As of OCTOBER 31, 2022 * 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. www.ytmcapital.com

