

YTM Capital Fixed Income Alternative Fund

Interim Management Report of Fund Performance

For the period ended June 30, 2021

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

You can get a copy of the interim 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 interim financial report, proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

Forward-Looking Statements

This interim 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 period ended June 30, 2021

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, 2021 to June 30, 2021 ("Period"). 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 period. The portfolio managers gradually increased credit exposure throughout the period in response to the market environment. Despite this increasing trend, the Fund remained at relatively low risk levels at the end of the Period.

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 Period, Series F units returned 1.09% and Series A returned 0.63%. Differences in performance result from different fees being charged to each Series. The FTSE Canada Universe Bond Index ("FTSE Bond") returned -3.46% for the Period. 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 outperformed the FTSE Bond because of the impact of interest rates. During the Period interest rates increased in response to inflationary expectations, which had a negative impact on the value of the FTSE Bond. The Fund had very minimal exposure to interest rates during the Period and therefore did not experience the same type of negative performance.

The Period started with favourable market conditions for Canadian credit, with macro supports such as stimulus spending and technical support from lower new issuance supply and healthy investor demand. These conditions were in place until March which was a down month. After March credit markets were largely range-bound and close to all-time tights. During the Period the portfolio managers increased the risk in the Fund, both in terms of maturity and credit quality, but the Fund was still defensively positioned at the end of the Period 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 \$46.6 million on January 1, 2021, to \$48.2 million on June 30, 2021. This change was composed primarily of net sales of \$7.4 million combined with positive investment performance that resulted in an overall increase in NAV for the period ended June 30, 2021. The Fund made cash distributions during the Period of \$121,474.

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 the Fund's NAV. Leverage is calculated by adding together (i) market value of securities sold short; (ii) the amount of cash bor-

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rowed 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 Period the Fund's leverage ranged from 140% to 292% of the Fund's NAV. The low end of the range occurred in March 2021 and the high end was reached in June 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 Period. The proceeds of the short positions were used to purchase investment grade corporate bonds.

Portfolio Changes

The average maturity of the portfolio at month ends during the Period ranged from 2.3 years to 3.1 years at the end of the Period. The portfolio was diversified on a sector basis throughout the Period, with an emphasis on Financial Services holdings, which represented from 60% to 62% of the Fund's portfolio. The predominant credit rating of issues held by the Fund was BBB, with that allocation decreasing from 81% at the end of January to 63% at the end of June.

Recent Developments

The true impact of the COVID-19 pandemic is yet to be determined, both in Canadian and International economies. At the end of the Period, the Fund was positioned defensively in light of the prevailing news on variants and 4th waves and the reaction of the credit markets to that news. Depending on how the economy and the market react over the next several months, the portfolio managers will determine how to position the Fund.

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 Period, the management fees earned, inclusive of applicable taxes, was \$264,180.

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, subject to a high watermark. Unitholders 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 \$99,275 in performance fees during the Period.

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 period ended June 30, 2021

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 Period.

The Fund's Net Asset Value (NAV) per Series A Unit (1) (2)	Jun 30, 2021	Dec 31, 2020	Dec 31, 2019
Net asset value, beginning of period	\$10.08	\$10.22	\$10.00
Increase from operations:			
Total revenue	0.50	0.67	0.46
Total expenses	(0.29)	(0.68)	(0.23)
Realized losses for the period	(0.18)	0.31	(0.01)
Unrealized gains for the period	0.03	(0.02)	0.29
Total increase from operations ⁽³⁾	\$0.06	\$0.32	\$0.51
Distributions:			
From income (excluding dividends)	(0.05)	(0.49)	(0.16)
Total annual distributions ^{(3) (4)}	\$(0.05)	\$(0.49)	\$(0.16)
Net asset value, end of period ⁽³⁾	\$10.09	\$10.08	\$10.22

Ratios and Supplemental Data

Total net asset value ⁽⁵⁾	\$4,505,626	\$4,289,748	\$955,824
Number of units outstanding ⁽⁵⁾	446,500	425,659	93,510
Management expense ratio ⁽⁶⁾	2.70%	3.40%	0.87%
Management expense ratio before waivers or absorptions ⁽⁶⁾	2.70%	3.43%	4.83%
Trading expense ratio ⁽⁷⁾	0.67%	0.81%	0.71%
Portfolio turnover rate ⁽⁸⁾	183.33%	474.15%	240.73%
Net asset value per unit	\$10.09	\$10.08	\$10.22

The Fund's Net Asset Value (NAV) per Series A Founders Unit (1) (2)	Jun 30, 2021	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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Financial Highlights – for the period ended June 30, 2021

The Fund's Net Asset Value (NAV) per Series F Unit (1) (2)	Jun 30, 2021	Dec 31, 2020	Dec 31, 2019
Net asset value, beginning of period	\$10.24	\$10.24	\$10.00
Increase from operations:			
Total revenue	0.51	0.73	0.48
Total expenses	(0.24)	(0.60)	(0.22)
Realized gains for the period	(0.18)	0.31	0.01
Unrealized gains for the period	0.02	0.08	0.31
Total increase from operations ⁽³⁾	\$0.11	\$0.53	\$0.58
Distributions:			
From income (excluding dividends)	(0.05)	(0.67)	(0.17)
Total annual distributions ^{(3) (4)}	\$(0.05)	\$(0.67)	\$(0.17)
Net asset value, end of period ⁽³⁾	\$10.20	\$10.14	\$10.24

Ratios and Supplemental Data

Total net asset value ⁽⁵⁾	\$43,725,432	\$42,341,974	\$4,428,192
Number of units outstanding ⁽⁵⁾	4,296,908	4,175,398	432,529
Management expense ratio ⁽⁶⁾	1.69%	2.72%	0.55%
Management expense ratio before waivers or absorptions ⁽⁶⁾	1.69%	2.73%	3.63%
Trading expense ratio ⁽⁷⁾	0.67%	0.81%	0.71%
Portfolio turnover rate ⁽⁸⁾	183.33%	474.15%	240.73%
Net asset value per unit	\$10.204	\$10.14	\$10.24

The Fund's Net Asset Value (NAV) per Series F Founders Unit (1) (2)	Jun 30, 2021	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 June 30, 2021 and the audited annual financial statements for December 31, 2020 and 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.

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

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Financial Highlights – for the period ended June 30, 2021

(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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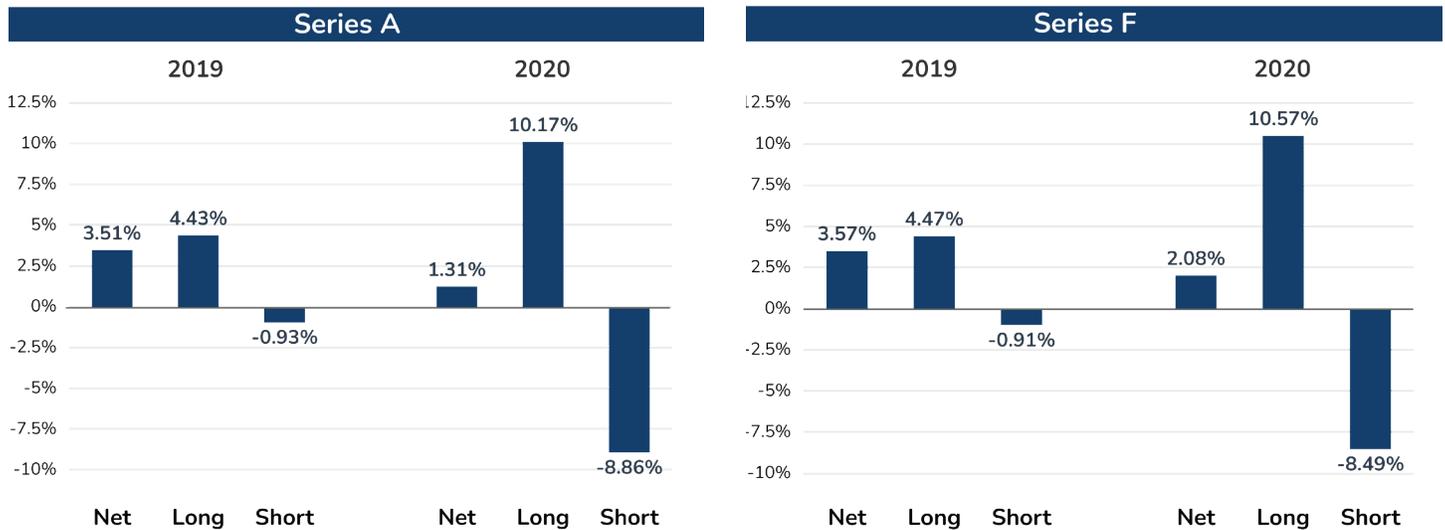
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Past Performance

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 present the performance of each series of the Fund for each of the fiscal periods shown. Fiscal periods are calendar years. The bar charts show, in percentage terms, how much an investment in Series A and F units made on the first day of the year would have grown by the last day of the year.



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Summary of investment portfolio as of June 30, 2021

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	203.6%	–	176.9%
Consumer, Cyclical	29.3%	–	11.6%
Energy	70.0%	–	43.3%
Consumer, Non-cyclical	16.9%	–	14.0%
Industrial	9.7%	–	0.6%
Utilities	4.9%	–	6.3%
Communications	17.4%	–	1.4%
Diversified	0.6%	–	0.6%
Government	– %	(242.8)%	(242.8)%
Total Portfolio Allocation	343.4%	(244.2)%	99.2%
Total Net Asset Value			\$46,633,717

Maturity Allocation

	% of Net Asset Value		
	Long	Short	Net
0 to 1 years	27.3%	(40.9)%	(13.6)%
1 to 2 years	48.0%	(43.5)%	4.5%
2 to 3 years	66.0%	(47.6)%	18.4%
3 to 5 years	62.8%	(58.1)%	4.7%
5 to 10 years	88.8%	(45.3)%	43.5%
10 or more years	42.7%	(8.7)%	34.0%
Total Portfolio Allocation	335.5%	(244.2)%	91.3%

Rating Allocation

	% of Net Asset Value		
	Long	Short	Net
AAA	4.0%	(242.8)%	(238.8)%
AA	33.0%	-	33.0%
A	47.8%	-	47.8%
BBB	257.5%	(1.4)%	256.1%
BB	0.8%	-	0.8%
Total Portfolio Allocation	343.4%	(244.2)%	99.2%

Top 25 Long Holdings

Issuer Allocation	% of Net Asset Value
Enbridge Inc. CP	19.8%
Canadian Imperial Bank of Commerce	19.3%
Royal Bank of Canada	12.4%
Brookfield Property Finance ULC	12.4%
Pembina Pipeline Corp.	11.9%
Equitable Bank	11.5%
TransCanada PipeLines Ltd.	11.4%
MCAP Commercial LP	10.5%
The Goldman Sachs Group Inc.	10.2%
The Toronto-Dominion Bank	9.3%
Central 1 Credit Union	8.7%
Coast Capital Savings Federal Credit Union	8.3%
GE Capital Canada Funding Co.	5.4%
Nissan Canada Financial Services Inc.	7.6%
Dream Industrial Real Estate Investment Trust	6.9%
Bell Canada	6.4%
Concentra Bank	6.4%
Summit Industrial Income REIT	6.2%
The Bank of Nova Scotia Preferred Shares	6.1%
Penske Truck Leasing Canada Inc.	5.8%
The Toronto-Dominion Bank Preferred Shares	5.4%
TELUS Corp.	5.3%
Teranet Holdings LP	5.1%
Federation des Caisses Desjardins du Quebec	4.9%
RioCan Real Estate Investment Trust	4.7%

Total Percentage of Net Asset Value

Represented by Holdings 224.2%

All Short Holdings

Issuer Allocation	% of Net Asset Value
Government of Canada Debt	(242.8)%
Royal Bank of Canada	(1.4)%

Total Percentage of Net Asset Value

Represented by Holdings (244.2)%

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.