

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

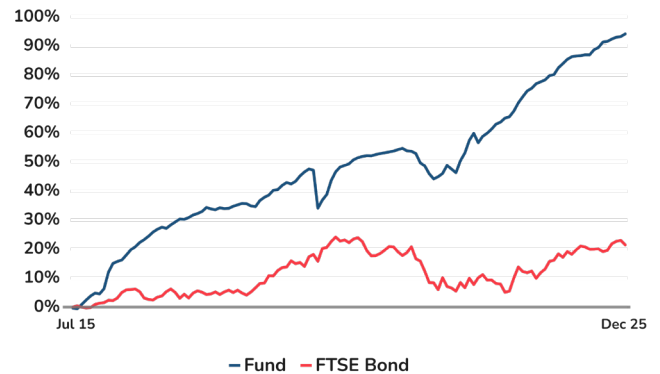


Uncorrelated

Compelling fixed-income alternative

Net Performance

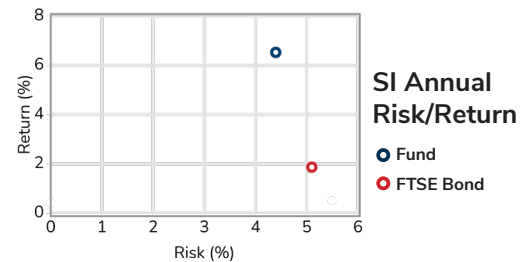
	1 month	1 year	3 year	5 year	10 year
Fund	0.48%	4.22%	8.24%	5.09%	6.38%
FTSE Bond	-1.28%	2.64%	4.41%	-0.41%	1.87%



Risk

LOW	MEDIUM	HIGH
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CR01 as a percent of NAV	0.046%	Months Positive	79%
Average Weighted Maturity	1.6 years	Best Month	5.33%
Modified Duration	0.62	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 corporate credit markets finished 2025 with a rally pushing IG spreads approximately 5 bps tighter during the month, ending the year at an option-adjusted spread of +83bps. This OAS is an annual and decade-tight level, with similar spreads last observed in mid-2007. While credit fundamentals remained supportive, rising government bond yields weighed on total returns, resulting in a -0.55% return for the Canadian investment grade index during the month. Credit performance partially offset rate weakness, contributing +0.46% of excess return.

New issue activity remained exceptionally strong, with \$13.2bn of issuance - the largest December on record, well above the 10-year monthly average. Supply was diverse, including meaningful contributions from energy and power generation issuers, telecom hybrids, and an elevated number of high yield transactions. Two large bank deals helped A-rated issuers account for the majority of December supply at 55%, followed by BBBs at 30%, marking the lowest share of BBB issuance since May. The 5-7 year tenor remained dominant, representing nearly half of total issuance. \$153.9bn of new issues in 2025 was a record despite a prolonged issuance blackout in the spring following the initial Liberation Day announcement. BBB-rated issuance led the market for the first time since 2021, while hybrid and high yield issuance reached record levels. The year also saw 38 new issuers access the Canadian market, underscoring the depth and breadth of demand.

Sector composition continued to evolve over the year. While banks remained the largest issuing sector, their share declined to 26%, one of the lowest proportions in the past decade. Utilities and Energy issuance increased meaningfully, while Pipelines declined due to difficult year-over-year comparisons and Autos issuance fell amid tariff-related uncertainty. The limited supply of long-dated bonds contributed to ongoing flattening in the 10s30s spread curve, even as the government yield curve steepened. Average coupons declined to 4.54% in 2025 from 5.04% in the prior year, while average spreads tightened modestly year-over-year.

In this environment, the Fund maintained a disciplined and selective approach to credit risk. With spreads at historically tight levels, positioning emphasized issuer-specific fundamentals, relative value, and capital structure analysis rather than broad market exposure. Short positions were used selectively to manage downside risk and exploit idiosyncratic credit weakness, while duration exposure remained actively managed and modest. Credit selection contributed positively during the month. Looking ahead, elevated issuance levels, tight credit spreads, and ongoing macro and geopolitical uncertainty suggest a return environment increasingly driven by active management. The Fund remains positioned to navigate this late-cycle backdrop through flexible long and short positioning, with a continued focus on capital preservation and opportunistic alpha generation.



Portfolio Managers



Seasoned

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



Accomplished

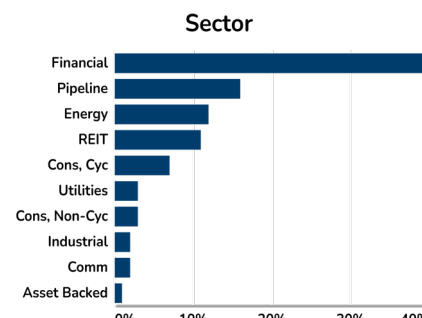
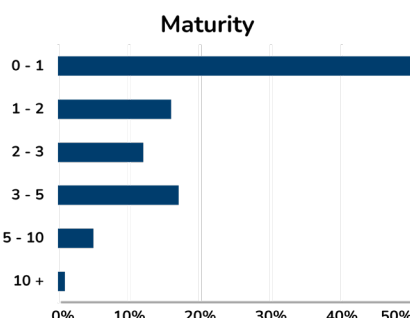
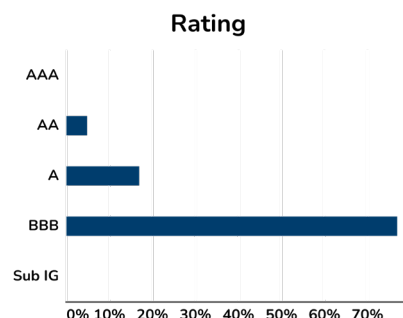
Head Corporate Trader and Director at major Canadian dealers responsible for billions of at-risk capital



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	0.48	4.22
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

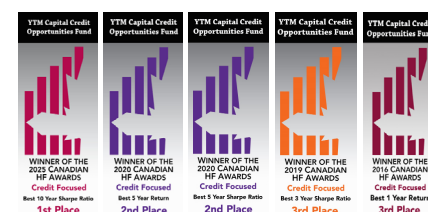
YTM is a credit fund manager established in 2010, based in Oakville, Ontario that focuses on providing better fixed income solutions.

Kevin Foley
kevin.foley@ytmcapital.com

Gianni Markou
gianni.markou@ytmcapital.com

Nicole McLachlan
nicole.mclachlan@ytmcapital.com

Art Sanchez
art.sanchez@ytmcapital.com



As of DECEMBER 31, 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



YTM

MAY 31, 2022
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