

YTM Capital Credit Opportunities Fund



Strategy

Long / short hedge fund delivering Canadian investment grade credit exposure



Target

Long-term net returns of 7% - 9% with low volatility



Portfolio

Short maturity investment grade credit with neutralized interest rate risk

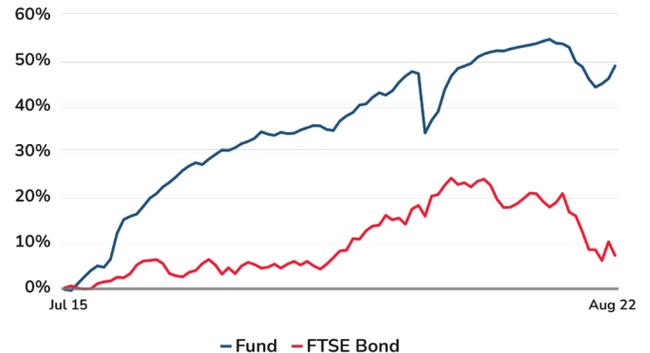


Uncorrelated

Compelling fixed-income alternative

Net Performance

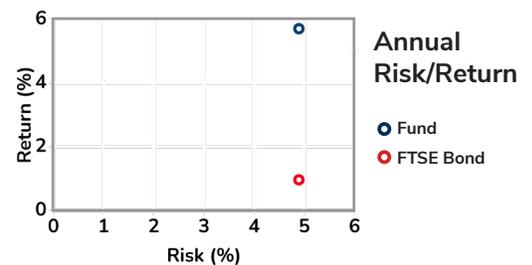
	1 month	1 year	3 year	5 year	S.I.
Fund	1.91%	-3.21%	1.48%	2.71%	5.70%
FTSE Bond	-2.74%	-11.25%	-2.60%	0.50%	0.96%



Risk

LOW	MEDIUM	HIGH
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CR01 as a percent of NAV	0.16%	Months Positive	74%
Average Weighted Maturity	2.4 years	Best Month	5.33%
Modified Duration	0.04	Worst Month	-8.89%
Annualized Standard Deviation	4.9%	Maximum Drawdown	-9.18%
Sharpe Ratio	0.99	Upside Capture - FTSE Bond	63%
Correlation to FTSE Bond	0.25	Downside Capture - FTSE Bond	-17%



Portfolio Manager Commentary

Daniel Child CA, CPA, CFA

Karl Burnham CFA, MBA

Edward Winiarz CFA

August was a volatile month, driven by a lack of conviction on the path of interest rates, the odds of a recession, and the potential depth of any recession. By the end of the Jackson Hole symposium, equities ended the month down 2% - 4.5% while rates skyrocketed between 25 bps and 70 bps depending on term. The only major asset class to come out ahead was credit, with Canadian investment grade spreads rallying 3 bps despite the headwind of a significant new issuances of \$6.2 billion. This performance supports our thesis that short-term investment grade credit may well be the single best asset class available right now.

Canadian IG option adjusted spreads were, on average, 158 basis points at the end of the month. For context, that level is at the wider end of the YTD range of 109 - 165 bps, sitting in the 91st percentile of spreads over the last 10 years. As we have discussed previously, Canadian credit is cheap compared to historical spreads and compared to other asset classes - primarily equities. In other words, the credit market has priced in more bad news than is reflected in the reality of resilient corporate earnings and a positive employment picture. We believe that the credit market has priced in a short and mild recession, which is our base case.

In addition to the potential for continued capital gains, like those realized in August, the Fund has a running yield of more than 12%. That means that the Fund has baked-in return potential in the form of income and it also means that the yield provides a protective buffer if the Fund's portfolio of bonds was to lose value. Looking at the end of August portfolio, average spreads would have to widen by approximately 50% in order for the Fund to post a negative return over next 12 months - which would put spreads at their widest in the last 20 years with the exception of the Great Financial Crisis and the onset of COVID. Absent a surprise macro-shock, we judge the possibility of significantly wider spreads to be remote and likelihood of strong performance not to be remote.

While we expect volatility to remain for the next few months in all asset classes, this is an outstanding time to add credit to your portfolio, especially YTM credit exposure: short-term bonds issued by high quality companies with no interest rate risk.



Portfolio Managers



Seasoned

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



Accomplished

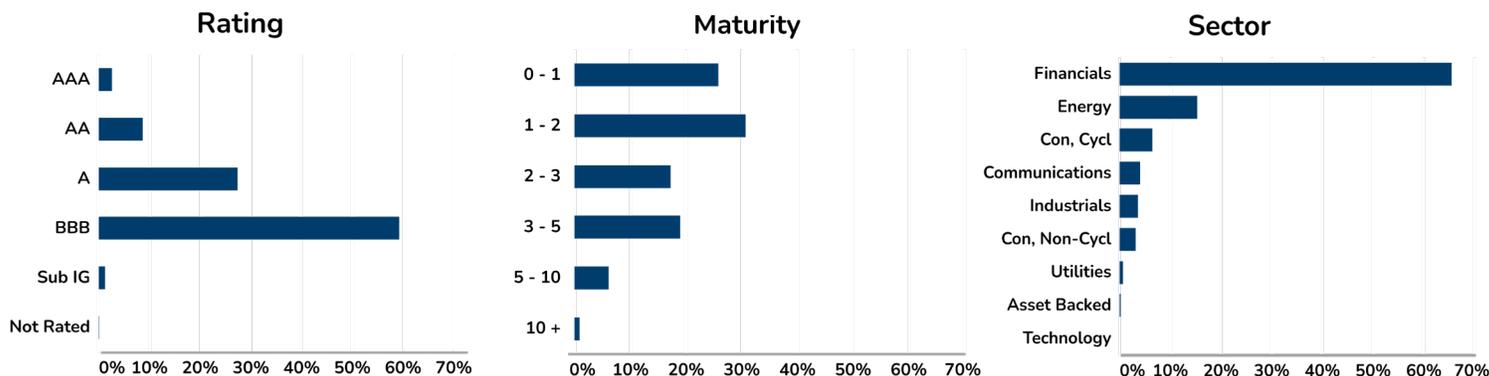
Former Head Corporate Traders at major Canadian dealers responsible for billions of at-risk capital



Conservative

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

Portfolio



Monthly Net Performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2022	-0.54	-2.09	-0.68	-1.83	-1.22	0.52	0.78	1.91					-3.17
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 (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		

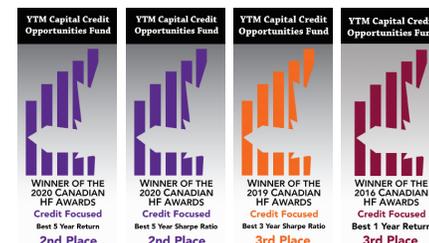
YTM Capital

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

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As of AUGUST 31, 2022. FTSE Bond = FTSE Canada Universe Bond Index. CR01 measures the impact on a Fund's value by 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 percentage 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. 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

