

# 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

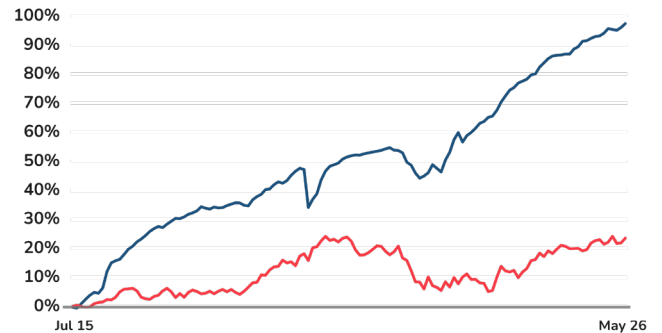


## Uncorrelated

Compelling fixed-income alternative

## Net Performance

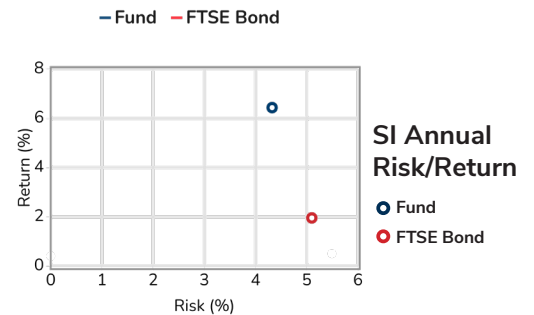
	1 year	3 year	5 year	10 year	S.I.
Fund	4.91%	7.28%	5.15%	5.48%	6.41%
FTSE Bond	1.62%	3.10%	0.69%	1.77%	1.84%



## Risk

LOW	MEDIUM	HIGH
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CR01 as a percent of NAV	0.056%	Months Positive	79%
Average Weighted Maturity	1.5 years	Best Month	5.33%
Modified Duration	1.44	Worst Month	-8.89%
Annualized Standard Deviation	4.3%	Maximum Drawdown	-9.18%
Sharpe Ratio	1.05	Upside Capture - FTSE Bond	58
Correlation to FTSE Bond	0.22	Downside Capture - FTSE Bond	-28



## Portfolio Manager Commentary

**Daniel Child** CA, CPA, CFA

**Edward Winiarz** CFA

Canadian investment-grade credit held up well through May despite a more complicated macro backdrop tightening modestly by 3 bps at an option-adjusted spread of 83 bps, after trading in a narrow 83 to 88 bps range.

Energy volatility, renewed geopolitical stress around the Persian Gulf, and higher bond yields all worked against risk sentiment, but corporate credit remained orderly. Liquidity stayed intact, spreads were stable to tighter, and issuance remained above the seasonal average even though monthly supply slowed from earlier in the year. The main tension for markets is that risk assets are still being supported by solid earnings, resilient labour conditions, and enthusiasm around AI-linked growth, while inflation and consumer-pressure risks are becoming harder to ignore. Higher fuel costs and the fading effect of one-off consumer supports have narrowed the cushion for households. For credit, the result was not a broad risk-off move, but a market with less room for disappointment.

By maturity, short and intermediate credit each tightened by 3 basis points, while long credit tightened by 2 basis points. The slightly smaller move in long bonds may reflect the heavier share of 10-year-plus new issuance. The BBB-versus-A basis widened by 1 basis point to 23 basis points, and the BBB-to-A spread ratio rose slightly to 1.31x. Both measures remain near the low end of their one-year ranges, suggesting limited compensation for moving down in rating quality. Autos were among the strongest performers in Canadian credit, led by names such as Ford, General Motors, and Volkswagen. NVCC bank capital also performed well, helped by limited new supply.

Canadian new issuance remained healthy in May, although the month produced the lightest supply total so far in 2026. Issuance reached \$14.5 billion, still above the five-year May average of \$11.4 billion.

Industrial borrowers dominated the calendar with \$9.05 billion of supply, equal to 63% of the month. That share was heavily influenced by Alphabet's first Maple bond transaction, which accounted for \$8.5 billion. Other first-time issuers included Badger Infrastructure Solutions and Bird Construction.

We managed credit risk down a touch in May on profit taking, and generally remains below long term averages as global credit valuations remain rich. We continue to focus on harvesting high quality carry until valuations reset and risk-adjusted spread compression opportunities resurface.





## Seasoned

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



## Accomplished

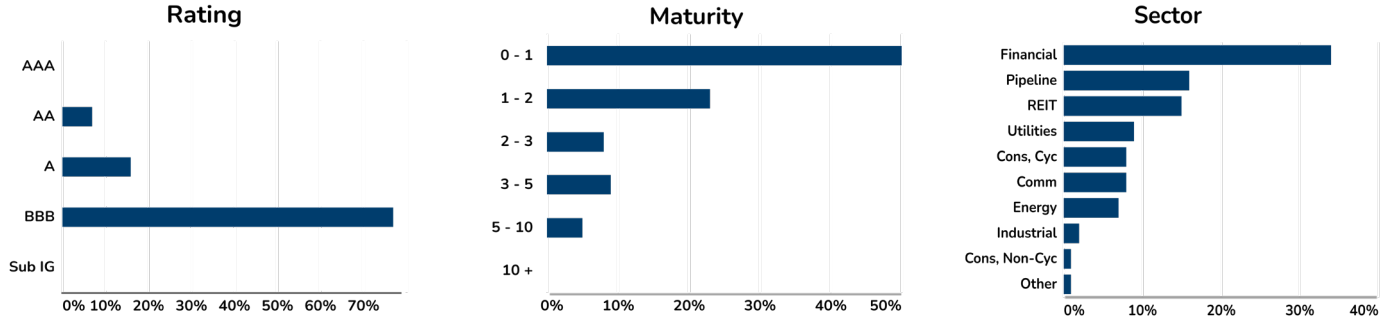
Head Corporate Trader and Director at major Canadian dealers responsible for billions of at-risk capital



## 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
2026	0.81	-0.14	-0.15	0.49	0.70								1.71
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

<b>Transactions</b>	Semi-Monthly	<b>Distributions</b>	Monthly (4%/yr target; TA,TF) Quarterly (A,F)
<b>Redemptions</b>	30 days notice	<b>Reg Plans</b>	Yes
<b>Management fee</b>	2.00% (A, TA) 1.50% (F, TF)	<b>Fundserv</b>	YTM500 (A) YTM530 (TA) YTM510 (F) YTM540 (TF)
<b>Performance fee</b>	15%, Highwater Mark		

## YTM Capital

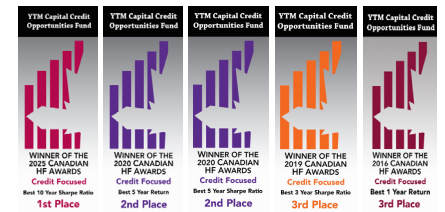
YTM is a credit fund manager established in 2010, based in Oakville, Ontario that focuses on providing better fixed income solutions.

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**As of MAY 31, 2026. 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](http://www.ytmcapital.com)

