

YTM Capital Fixed Income Alternative Fund

Offering Series A, Series F, and Series I units

Annual Information Form for an Alternative Mutual Fund

May 21, 2021



No securities regulatory authority has expressed an opinion about these units and it is an offence to claim otherwise.



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NAME, FORMATION AND HISTORY OF THE FUND

YTM Capital Fixed Income Alternative Fund (the “Fund”) was established as a trust under the laws of the Province of Ontario by Declaration of Trust dated May 22, 2019. The Fund’s address is 202 – 295 Robinson Street, Oakville, ON, L6J 1G7. YTM Capital Asset Management Ltd. (“YTM”) is the manager, promoter, and trustee of the Fund.

INVESTMENT RESTRICTIONS

The Fund is subject to securities law investment restrictions and practices, including National Instrument 81-102 (“NI 81-102”). These rules are designed to ensure that mutual fund investments are diversified and relatively liquid and to ensure the proper administration of mutual funds. The Fund is managed in accordance with these rules, except for the following exemption that was granted by the Canadian Securities Administrators.

Exemption to Permit Short Selling Activities

In order to permit the Fund to short sell “government securities” as that term is defined in NI 81-102, up to a maximum of 300% of the Fund’s net asset value, the Fund has obtained an exemption from:

- (a) subparagraph 2.6.1(1)(c)(v) of NI 81-102, which restricts the Fund from selling a security short if, at the time, the aggregate market value of the securities sold short by the Fund exceeds 50% of the Fund’s NAV; and
- (b) section 2.6.2 of NI 81-102, which states that the Fund may not borrow cash or sell securities short if, immediately after entering into a cash borrowing or short selling transactions, the aggregate value of cash borrowing combined with the aggregate market value of the securities sold short by the Fund would exceed 50% of the Fund’s NAV.

In connection with this relief, the Fund has implemented the following controls when conducting a short sale:

- (a) the Fund will assume the obligation to return to the Borrowing Agent (as defined in NI 81-102) the securities borrowed to effect the short sale;
- (b) the Fund will receive cash for the securities sold short within normal trading settlement periods for the market in which the short sale is effected;
- (c) YTM will monitor the short positions of the Fund at least as frequently as daily;
- (d) the security interest provided by the Fund over any of its assets that is required to enable the Fund to effect a short sale transaction is made in accordance with section 6.8.1 of NI 8-1012 and will otherwise be in accordance industry practice for that type of transaction and

relates only to obligations arising under such short sale transactions;

- (e) the Fund maintains appropriate internal controls regarding short sales, including written policies and procedures for the conduct of short sales, risk management controls and proper books and records; and
- (f) YTM and the Fund keep proper books and records of short sales and all of its assets deposited with Borrowing Agents as security.

Eligibility for Registered Tax Plans

In order for units of the Fund (“Units”) to be “qualified investments” for registered retirement savings plans (“RRSPs”), registered retirement income funds (“RRIFs”), tax-free savings accounts (“TFSAs”), registered education savings plans (“RESPs”), registered disability savings plans (“RDSPs”) and deferred profit sharing plans (“DPSPs”) (each a “Registered Plan” and, collectively, “Registered Plans”), the Fund must satisfy certain conditions in the Income Tax Act (Canada) (the “Tax Act”), to qualify as a “mutual fund trust” for the purposes of the Tax Act. The Fund complies with such conditions and is will continue to qualify so as to be a “mutual fund trust” for purposes of the Tax Act.

Holders of TFSAs or RDSPs, annuitants of RRSPs, RRIFs, or subscribers of RESPs, as the case may be, should consult with their own advisors as to whether Units would be “prohibited investments” for such plans for the purposes of the Tax Act. It is your responsibility to determine the tax consequences to you and your registered plan of establishing the registered plan and causing it to invest in the Fund.

DESCRIPTION OF SECURITIES OFFERED BY THE FUND

The Fund offers Series A, F, and I Units. YTM can create and offer new series without your approval. The expenses of each series of the Fund are tracked separately and a separate net asset value (“NAV”) is calculated for each series with issued Units. The assets of all the series are combined into one pool for investment purposes.

The Fund’s net return is determined by adding income earned by the Fund to any appreciation or depreciation in the securities owned by the Fund less management fees, performance fees, expenses of the Fund, and taxes. The series of the Fund are entitled to a pro rata share in the net return of the Fund, taking into account Series-specific management and performance fees, and to receive redemption proceeds on demand, as described in the Fund’s Simplified Prospectus.

Distributions

Each series is entitled to any declared distributions. The Fund:

- expects to distribute sufficient net income (including where applicable, Canadian dividends) and net capital gains to its investors each year to ensure that the Fund does not pay income tax;

- may distribute returns of capital; and
- may pay a distribution of net income, net capital gains and/or returns of capital when YTM determines.

The net income and net capital gains of the Fund will be distributed first to pay any special distributions to investors who are entitled to benefit from a reduction in the fees and/or operating expenses of the Fund (“Special Distributions”).

The Fund may allocate net capital gains as a redemption distribution to an investor who redeems the Fund’s Units. Any remaining net income or net capital gains of the Fund to be distributed will be allocated among the series of securities of the Fund based on the relative NAVs of the series and on each series’ expenses available to offset net income or net capital gains on or before the date of the distribution and distributed pro rata to investors in each series on the distribution payment date. Any such distribution will occur on or about the business day following the distribution record date or dates, at YTM’s discretion.

Voting rights and changes requiring investor approval

You have the right to exercise one vote for each dollar you have invested at meetings of all investors of the Fund and at any meetings held solely for investors of that series of Units. We are required to convene a meeting of investors of the Fund to ask them to consider and approve, by not less than a majority of the votes cast at the meeting, any of the following material changes if they are ever proposed for the Fund:

- a change in the management agreement of the Fund or the entering into of any new contract as a result of which the basis of the calculation of management fee rates or of other expenses that are charged to the Fund or to you could result in an increase in charges to the Fund or to you, unless
 - the contract is an arm’s length contract with a party other than YTM or an associate or affiliate of YTM for services relating to the operation of the Fund, and
 - you are given at least 60 days’ written notice of the effective date of the proposed change;
- a change of the manager of the Fund (other than a change to a YTM affiliate);
- any change in the investment objectives of the Fund;
- any decrease in the frequency of calculating the NAV for each series;
- certain material reorganizations of the Fund; and

- any other matter which is required by the constating documents of the Fund, by the laws applicable to the Fund, or by any agreement to be submitted to a vote of the investors in the Fund.

Other changes

You will be provided with at least 60 days' written notice of

- a change of auditor of the Fund; and
- certain reorganizations with, or transfer of assets to, another mutual fund, if the Fund will cease to exist thereafter and you will become a securityholder of the other Fund (otherwise an investor vote will be required).

Except as noted below, we generally provide at least 30 days' notice to you (unless longer notice requirements are imposed under securities legislation) to amend the Fund's Declaration of Trust in the following circumstances:

- when securities legislation requires that written notice be given to you before the change takes effect; or
- when the change would not be prohibited by the securities legislation and we reasonably believe that the proposed amendment has the potential to adversely impact your financial interests or rights, so that it is equitable to give you advance notice of the proposed change.

We are generally also entitled to amend the Declaration of Trust without prior approval from, or notice to, you if we reasonably believe that the proposed amendment does not have the potential to adversely affect you, or

- to ensure compliance with applicable laws, regulations or policies;
- to protect you;
- to remove conflicts or inconsistencies between the Declaration of Trust and any law, regulation or policy affecting the Fund, trustee or its agents;
- to correct typographical, clerical or other errors;
- to facilitate the administration of the Fund or to respond to amendments to the Tax Act which might adversely affect the tax status of the Fund or you if no change is made, or
- to make changes to investment restrictions.

Other Rights

If the Fund is terminated, each Unit that you own will participate equally with each other Unit in the series in receiving a share of the assets less any liabilities attributable to your series.

You may convert your Units to Units of a different series, if you meet the eligibility requirements of the destination series.

VALUATION OF PORTFOLIO SECURITIES

The portfolio securities of the Fund are valued as at the close of trading on the Toronto Stock Exchange (the “TSX”) (the “valuation time”) on each trading day. A “trading day” is any day that the TSX is open for trading. The value of the portfolio securities and other assets of the Fund is determined by applying the following rules:

Asset	Valuation
Cash on hand or on deposit, bills and notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued and not yet received	Full amount, unless we determine that any of these assets are not worth the full amount, in which event, the value shall be deemed to be the value that we reasonably assess.
Fixed-income securities	Fair value based on prices supplied by established pricing vendors, market participants or pricing models, as determined before the valuation time on that trading day.
Non-fixed income securities listed on a public securities exchange	Close price or last sale price reported before the valuation time on that trading day. If there is no close price and if no sale is reported to have taken place before the valuation time on that trading day, they are valued at the average of the last bid and ask prices reported before that time on that trading day.
Non-fixed income securities listed or traded on more than one public securities exchange	Close price or last sale price or the average of the last bid and ask prices, as the case may be, reported before the valuation time on the exchange or market that we determine to be the principal exchange or market for those securities
Unlisted non-fixed income securities traded on an over-the-counter market	Last sale price reported before the valuation time on that trading day. If no sale is reported to have taken place before the valuation time on that trading day, they are valued at the average of the last bid and ask prices reported before that time on that trading day.
Long positions in options, debt-like securities and warrants	Current market value of their positions
Fund written option	The premium received by the Fund for those options is reflected as a deferred credit. The deferred credit is valued at an amount equal to the current market value of the option which would have the effect of closing the position. Any difference resulting from revaluation shall be treated as an unrealized gain or loss on investment. The deferred credit shall be deducted in calculating the NAV of the Fund. The Fund’s portfolio securities which are the subject of a written option shall continue to be valued at their current market value as we determine.

Foreign currency hedging contracts	Current market value on trading day with any difference resulting from revaluation being treated as an unrealized gain or loss on investment
Forward contract or swap	The gain or loss on the contract that would be realized if, on that trading day, the position in the forward contract or the swap were to be closed out
Standardized future	<p>If the daily limits imposed by the futures exchange through which the standardized future was issued are not in effect, the gain or loss on the standardized future that would be realized if, on that trading date, the position in the standardized future was closed out.</p> <p>If the daily limits imposed by the futures exchange through which the standardized future was issued are in effect, based on the current market value of the underlying interest of the standardized future.</p>
Margin paid or deposited on standardized futures or forward contracts	Reflected as an account receivable, and margin consisting of assets other than cash is noted as held as margin.
Portfolio securities, the resale of which are restricted or limited by law or by means of a representation, undertaking or agreement by the Fund	The lesser of: (i) their value based upon reported quotations in common use on that trading day; and (ii) the market value of portfolio securities of the same class or series of a class, whose resale is not restricted (the “related securities”) less a discount which reflects the difference between the acquisition cost of the securities versus the market value of the related securities on the date of the purchase; this amount decreases over the restricted period in proportion until the securities are no longer restricted.
Portfolio securities that are quoted in foreign currencies	Converted to Canadian dollars using an exchange rate as of the close of the North American markets on that trading day.

Notwithstanding the foregoing, we will value assets at their fair value as determined by us, if:

- market quotations are, in our opinion, inaccurate, unreliable, not reflective of all available material information or not readily available; or
- If a portfolio security cannot be valued under the foregoing rules or under any other valuation rules adopted under applicable securities laws; or
- if any rules we have adopted are not set out under applicable securities laws but at any time are considered by us to be inappropriate under the circumstances, then we will use a

valuation that we consider to be fair, reasonable and in your best interest. In those circumstances, we would seek third party information to support a valuation.

If, at any time, the foregoing rules conflict with the valuation rules required under applicable securities laws, we will follow the valuation rules required under applicable securities laws.

The Fund's Declaration of Trust contains details of the liabilities to be included in calculating the NAV for each series of Units. The liabilities of the Fund include, without limitation, all bills, notes and accounts payable, all management fees, expenses payable or accrued, all contractual obligations for the payment of money or property, all allowances authorized or approved by us for taxes (if any) or contingencies and all other liabilities of the Fund. We will determine in good faith whether such liabilities are series expenses or common expenses of the Fund. In calculating the NAV for each series of Units, we will use the latest reported information available to us on each trading day. The purchase or sale of portfolio securities by the Fund will be reflected in the first calculation of the NAV for each series of securities after the date on which the transaction becomes binding.

CALCULATION OF NET ASSET VALUE

The NAV of the Fund, as of any valuation time, is the market value of the Fund's assets, less its liabilities.

After the close of business on each trading day, we will calculate a separate NAV for each series of Units of the Fund because management fees for each series are different.

For each series of the Fund, the NAV per Unit is calculated by

- adding up the series' proportionate share of the cash, portfolio securities and other assets of the Fund;
- subtracting the liabilities applicable to that series of securities (which includes the series' proportionate share of common liabilities, plus liabilities directly attributable to the series); and
- dividing the net assets by the total number of securities of that series owned by investors.

The NAV per Unit applied to purchase and redemption orders of securities of the Fund (except as noted in the next paragraph) will generally increase or decrease on each trading day as a result of changes in the value of the portfolio securities owned by the Fund. When distributions (other than Special Distributions) are declared by a series of the Fund, the NAV per Unit of that series will decrease by the per-security amount of the distributions on the payment date.

The NAV per Unit for purchases and redemptions of securities of the Fund is the value first calculated after the receipt by us of all appropriate documents pertaining to a purchase or redemption order.

The Fund's Net Asset Value and its Net Asset Value per Unit by series is available at no cost at www.ytmcapital.com or by contacting us: info@ytmcapital.com or 1-833-824-4098.

PURCHASES AND SWITCHES

Securities of the Fund are sold only through independent registered financial advisors who have a relationship with a registered dealer that has met the regulatory requirements allowing the dealer to sell Units of the Fund. The financial advisor you select is your agent to provide you with investment recommendations to meet your own risk/return objectives and to place orders on your behalf. We are not liable for the recommendations given to you by your financial advisor.

The issue price of Units you buy is based on the net asset value of a Unit next determined after the receipt by us of the purchase order. Your dealer may make provision in arrangements that it has with you that will require you to compensate your dealer for any losses suffered by the dealer in connection with a failed settlement of a purchase of securities of the Fund caused by you.

You can switch — or reclassify — your Units of a series of the Fund into Units of another series of the Fund by contacting your financial advisor, who will promptly pass your instructions on to us. You may only switch into another series if you are eligible for that series.

REDEMPTION OF SECURITIES

The instructions for submitting an order to redeem your securities are set out in the simplified prospectus. Securities of the Fund may be redeemed through your financial advisor or us.

The amount that you will receive for your redemption order is based on the Fund's NAV per Unit for that series next calculated after your redemption order has been received in good order. Your redemption order must be in writing or, if you have made arrangements with your dealer, by electronic means through your dealer. To protect you from fraud, for redemptions above certain dollar amounts, your signature on your redemption order must be guaranteed by one of a bank, trust company, member of a recognized stock exchange or any other organization satisfactory to us.

If you request more than one redemption at a time, your redemption requests will be processed in the order in which they are received. Redemption orders involving transfers to or from registered plans may be delayed until all administrative procedures involved with registered plans are complete.

If we do not receive everything we need to complete your redemption order within ten (10) trading days after the redemption date, under securities law, we are required on that tenth (10th) trading day to purchase the same number of securities that you redeemed. We will apply your redemption proceeds to the payment required for those securities. If the NAV per security has decreased since the redemption date, the Fund must keep the excess proceeds. If the NAV per security has increased since that date, you or your dealer will be required to pay the Fund the deficiency and any additional expenses of processing the repurchase order. Your dealer may require you to pay this amount if you were the cause of the failed redemption order.

Under exceptional circumstances we may be unable to process your redemption order. This would most likely occur if market trading has been suspended on stock exchanges, options exchanges or futures exchanges on which more than 50% by value of the Fund's assets are listed and if the Fund's portfolio securities cannot be traded on any other exchange that represents a reasonably practical alternative. During these periods Units will also not be issued or reclassified.

The Fund may postpone a redemption payment during any period which redemption rights are suspended in the circumstances described above as required by securities legislation or with the approval of the applicable securities regulatory authorities.

If the market value of your investment is no longer above \$2,000 because you redeem securities, we may, at our discretion, redeem your Units, close your account and return the proceeds of the redemption to you. We will not redeem your securities if their value drops below the specified minimum investment requirement as a result of a decline in the NAV per Unit rather than a redemption of your securities.

RESPONSIBILITY FOR MUTUAL FUND OPERATIONS

We are the manager (“Manager”) and trustee of the Fund. You may contact us at:

YTM Capital Asset Management Ltd.
202 -295 Robinson Street
Oakville, ON L6J 1G7
ytmcapital.com
1-833-828-4098
info@ytmcapital.com

In our capacity as Manager of the Fund, we will either conduct the Fund’s day-to-day operations or hire third parties to do so, under the terms of the Declaration of Trust.

The services that we provide to the Fund, as Manager, include: (i) portfolio management, including making brokerage arrangements; (ii) promoting the sales of the Fund’s securities through independent financial advisors in each province and territory of Canada; and (iii) customer service to respond to dealer and investor enquiries concerning investor accounts.

We have engaged SGGG Fund Services Inc. (“SGGG”) to provide fund administration services including: (i) transfer agency and registrar services, (ii) daily calculations of the value of the Fund’s portfolio securities, the NAV of the Fund, and the NAV per Unit for each series of the Fund, (iii) fund accounting; and (iv) tax reporting by executing a fund administration agreement (“Fund Administration Agreement”). As manager of the Fund, we determine the terms of engagement and compensation payable by the Fund to SGGG and other third party service providers.

Directors and Officers of YTM Capital

The names, municipalities of residence and principal occupations during the preceding five years of each of the directors and officers of YTM Capital are:

Name and Residence	Position
Daniel Child Oakville, Ontario	Director, President, Chief Executive Officer, Partner

Karl Burnham Oakville, Ontario	Director, Partner, Chief Financial Officer
David Burbach Oakville, Ontario	Director, Partner, Chief Compliance Officer, Senior Vice President

Portfolio Managers

The portfolio managers are responsible for the investment advice given to the Fund. On a continuing basis, the portfolio managers evaluate the Fund’s portfolio, including the percentage that is invested in a type of security generally or in a particular security, diversification, and, in general, the makeup of the Fund. The portfolio managers of the Fund are:

Name and Title	With YTM since	Principal occupation in last five years
Daniel Child Oakville, Ontario	2010	Director, President, Chief Executive Officer, Partner of YTM
Karl Burnham Oakville, Ontario	2015	Director, CFO, Partner of YTM

Brokerage Arrangements

We arrange brokerage transactions for the Fund. In selecting brokers and other financial intermediaries to execute transactions and negotiating commission rates, YTM considers one or more of: price, execution capabilities, reputation, reliability, financial resources, the quality of research products and services and the value and expected contribution of such services to the performance of the Fund. Where a broker agrees to provide other services relating to research and trade execution at no cost to YTM in exchange for brokerage business from Accounts, a “soft dollar arrangement” has been created. Although the brokers involved in soft dollar arrangements do not necessarily charge the lowest commissions, YTM will only enter into such arrangements when it is of the view that such brokers provide best execution and/or the value of the research and other services exceeds any incremental commission costs. To date, we have not entered a soft dollar arrangement. If you have any questions about the future status of YTM soft dollar arrangements, if any, call us at 1-833-828-4098 or email us at info@ytmcapital.com.

Trustee

YTM is the trustee of the Fund. Under the Declaration of Trust, the trustee may resign or may be removed by holders of Units (“Unitholders”) who pass an extraordinary resolution at an investor meeting. Where the trustee resigns, is removed or is otherwise incapable of acting, the manager can appoint a successor trustee. Prior written notice and investor approval of the appointment of a successor trustee is not required if (i) the successor trustee is the resultant entity of a business reorganization or transaction relating to the trustee; or (ii) the successor trustee is a trust company duly authorized to carry on business as a trust company.

Custodian

The Fund appointed BMO Nesbitt Burns Inc. (“BMO”), Toronto, Ontario, to act as custodian and as prime broker pursuant to a Custodian Agreement. The custodian receives and holds all cash, portfolio securities and other assets of the Fund for safekeeping and will act upon our instructions with respect to the investment and reinvestment of the Fund’s assets from time to time. Under the terms of the custodian agreement and subject to the requirements of the Canadian Securities Administrators, the custodian may appoint one or more sub-custodians to facilitate effecting portfolio transactions outside of Canada. Other than cash or securities that may be deposited as margin, BMO will hold all of the Fund’s Canadian cash, securities and other assets in Toronto. Foreign securities and related cash accounts will be held either at an office of BMO or by its sub-custodians.

Auditor

PricewaterhouseCoopers LLC (“PwC”) of Toronto Ontario is the Fund’s auditor.

Registrar

SGGG acts as the registrar of the Fund at its office in Toronto, Ontario.

Cash Lender

The Fund entered into a borrowing agreement with BMO, the custodian of the Fund as part of the Custody Agreement. BMO is not an affiliate or associate of YTM.

Independent Review Committee

For information on the Fund’s Independent Review Committee see “Fund Governance”.

CONFLICTS OF INTEREST

Principal holders of securities

As of the date of this annual information form Daniel Child owned approximately 52% of the voting shares of YTM, Karl Burnham owned approximately 24% of the voting shares of YTM, and David Burbach owned approximately 24% of the voting shares of YTM. The members of the IRC do not own, directly or indirectly, any securities of the Fund, of YTM, or any person or company that provides services to the Fund or to YTM, apart from investments of less than 0.001% of the outstanding common shares of BMO and of TD Bank.

No investor held more than 10% of Series A or F as of April 30, 2021:

Affiliated Entities

There are no affiliated entities of YTM that provide services to the Fund.

FUND GOVERNANCE

NI 81-107 requires all publicly offered investment funds to establish an independent review committee to whom the manager must refer conflict of interest matters for review or approval. NI 81-107 also

imposes obligations on YTM to establish written policies and procedures for dealing with conflict of interest matters, maintain records in respect of these matters and provide assistance to the IRC in carrying out its functions. The IRC is required to conduct regular assessments and provide reports to YTM and to Unitholders in respect of its functions. The IRC's annual report of its activities for Unitholders is available on the Fund's website at www.ytmcapital.com, or at the Unitholder's request at no cost by contacting the Fund toll-free at 1-833-828-4098 or by email at info@ytmcapital.com.

The annual fee payable to each member is \$5,000 and \$7,000 for the Chair, plus applicable taxes or other deductions. Expenses incurred by the members of the IRC in connection with performing their duties are also the responsibility of Fund.

In accordance with NI 81-107, the mandate of the IRC is to consider and provide recommendations to the manager on conflicts of interest to which the manager may be subject when managing the Fund. The IRC is empowered to represent the best interest of the Fund in any matter where the Manager has referred a conflict of interest matter to it. In those cases, it has sought to ensure that the Manager's proposed course of action represents a fair and reasonable result for the Fund.

The current members of the IRC are Venkat Kannan (Chair), Robert Bogart, and Kevin Dalton.

YTM Policies

YTM maintains policies, procedures and guidelines ("**Policies**") relating to the governance of the Fund. These Policies aim to monitor and manage the business and sales practices, risk management and internal conflicts of interest relating to the Fund, and to ensure compliance with regulatory and corporate requirements. The Fund is also managed in accordance with its investment guidelines and compliance with those guidelines is monitored regularly by senior YTM management.

YTM is committed to the fair treatment of investors and we have established a Compliance Manual to guide the firm and its employees. This manual governs policies relating to the following subject matter: code of ethics and conduct, trading procedures and proxy voting, in addition to other procedures.

YTM manages the Fund in investors' best interest and in compliance with the requirements of NI 81-107 by setting out its policies and procedures for dealing with conflict of interest matters and providing guidance on managing these conflicts.

In addition, all YTM employees are bound by the code of ethics and conduct which, among other things, addresses proper business practices, personal trading, and conflicts of interest.

Use of Derivatives

YTM may use derivative instruments to reduce or hedge against various risks and as a substitute for purchasing or selling securities directly to obtain investment exposures consistent with its investment objectives, strategies and risk management. The derivatives that YTM may use include, but are not limited to, options, swaps, futures and forwards. YTM may also employ various option strategies to increase the return of the Fund's portfolio including, but not limited to, covered call and put option writing. No assurance can be given that the Fund's portfolio will be hedged from any particular risk at any time. YTM has written policies and procedures in place that set out the objectives and goals for derivatives trading and the risk management procedures applicable to those transactions by the Fund ("**Derivatives Policy**"). YTM's Chief Compliance Officer ("**CCO**") is responsible for creating the Derivatives

Policy and conducting a review no less than annually. The CCO monitors the derivatives risks and is functionally independent of the portfolio managers.

Supervision of Derivatives Trading

YTM has adopted the Derivatives Policy. It is reviewed at least annually by the CCO. It includes a pre-approval process for new derivatives strategies by the Fund conducted by the CCO to ensure compliance with securities law and to ensure that the derivative is suitable for the Fund within the context of the Fund's objectives and investment strategies. SGGG records, values, monitors and reports on the derivative transactions that are entered into the Fund's portfolio records.

Valuations of derivatives are carried out according to the procedures described under "Valuation of Portfolio Securities". The CCO conducts ongoing monitoring of derivatives strategies for compliance with regulation designed to ensure (i) all derivatives strategies of the Fund meet regulatory requirements; and (ii) derivative and counterparty exposures are reasonable and diversified.

When derivatives are used for hedging purposes, our internal policies require that the derivatives have a high degree of negative correlation to the position being hedged, as required by NI 81-102. Derivatives will be used to create leverage within the Fund's portfolio as permitted under NI 81-102. We do not simulate stress conditions to measure risk in connection with the Fund's use of derivatives.

The CCO will review quarterly updates from the portfolio managers on outstanding derivative strategies including, the classification of hedging versus non-hedging strategies, identification of risks being hedged, and hedge effectiveness or correlation. Any non-compliance will be dealt with by the CCO and portfolio managers.

Short Sales

The Fund may engage in short selling, in accordance with securities laws and exemptions granted therefrom, and in compliance with YTM written policies and procedures ("Short Selling Policy"). The CCO is responsible for creating the Short Selling Policy and conducting a review no less than annually. Authorizing short selling transactions and placing limits or other controls on short selling is the responsibility of the portfolio managers, with post-trade review conducted by the CCO. We do not simulate stress conditions to measure risk in connection with the Fund's use of short sales.

Securities Lending, Repurchase and Reverse Repurchase Transactions

The Fund may, from time to time, engage in securities lending, repurchase and reverse repurchase transactions to generate additional income consistent with its investment objectives in accordance with securities laws and in compliance with YTM written policies and procedures ("Securities Lending Policy"). The CCO is responsible for creating the Securities Lending Policy and conducting a review no less than annually.

If YTM decides to cause the Fund to enter into a securities lending agreement, the authorization of securities lending, repurchase and reverse repurchase activities and placing limits or other controls on these transactions is the responsibility of the portfolio managers with post-trade review conducted by the CCO. The risks associated with securities lending are disclosed in the simplified prospectus of the Fund.

Proxy Voting Policy

In the normal course, YTM expects that it will have very few proxies, if any, to exercise because of the Fund's focus on fixed-income securities. The proxies associated with the securities of each Fund may be voted by YTM in accordance with YTM's proxy voting policy ("Proxy Voting Policy"). The objective in voting is to act in the best interests of Fund investors by supporting proposals and director nominees that are judged by the portfolio managers to have the best potential to maximize the value of the Fund's investments over the long-term. In evaluating proxy proposals, information from many sources will be considered, including management or shareholders of a company presenting a proposal and independent proxy research services.

The current proxy voting policy and procedures of the Manager are available to Unitholders at no cost by calling toll-free at 1- 833-828-4098, on www.ytmcapital.com or by writing to YTM Capital, 202 – 295 Robinson Street, Oakville, ON, L6J 1G7. The Fund's proxy voting record for the annual period from July 1 to June 30 will be available at any time after August 31 following the end of that annual period, to any Unitholder on request to YTM, at no cost, and may also be available on the www.ytmcapital.com. Information contained on YTM's website is not part of this Annual Information Form and is not incorporated herein by reference.

Short-Term Trading

In order to protect the interest of the majority of Unitholders in the Fund and to discourage inappropriate short-term trading in the Fund, investors may be subject to a short-term trading fee. If an investor redeems Units of the Fund within 30 days of purchasing such Units, the Fund may deduct and retain, for the benefit of the remaining Unitholders in the Fund, 2% of the net asset value of the Units being redeemed.

The short-term trading fee will not apply in certain circumstances, such as:

- redemptions of Units purchased by the reinvestment of distributions;
- reclassification of Units from one series to another series of the Fund;
- redemptions initiated by YTM;
- redemptions of Units to pay management fees or operating and/or fees with respect to Series I Units; or
- in the absolute discretion of YTM.

SGGG, on behalf of YTM, monitors and detects short-term trading. SGGG, on direction from YTM, charges a short-term trading fee to any redemption of Units of the Fund that is made within 30 days of purchasing those securities. YTM assesses the short-term trading fee charged to an investor on a case-by-case basis and may, in its absolute discretion, chose not to charge a short-term trading fee.

FEES AND EXPENSES REDUCTIONS

The fees and expenses payable by the Fund are set out in the simplified prospectus. We may authorize a reduction in the management fee rate, performance fee rate, or operating expenses that we charge

with respect to any particular investor's securities of the Fund. We will reduce the amount charged to the Fund and the Fund will then make a Special Distribution to the investor by issuing additional securities of the same series of the Fund equal in value to the amount of the reduction or, at the request of the investor, by paying this amount in cash. The Special Distributions paid by the Fund will be paid, first, out of the Fund's income and capital gains and then, if necessary, out of capital. The level of reduction is typically negotiable between you and us, and usually will be based on the size of your account and the extent of Fund services you require. We may, in our sole discretion, increase, decrease, or cease to make any special distribution to any investor at any time.

INCOME TAX CONSIDERATIONS

The following is a general summary, at the time of filing, of certain principal Canadian federal income tax considerations generally applicable to the buying, holding and selling of Units of the Fund by a Unitholder who acquires Units pursuant to the simplified prospectus. This summary assumes you are an individual (other than a trust) who, for purposes of the Tax Act, (i) is resident in Canada, (ii) deals at arm's length and is not affiliated with the Fund, and (iii) holds Units as capital property.

This summary is based on the current provisions of the Tax Act and the regulations thereunder, an understanding of the current published administrative and assessing practices of the Canada Revenue Agency ("CRA") and all specific proposals to amend the Tax Act and regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (such proposals referred to hereafter as the "Tax Proposals"). This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does it take into account other federal or any provincial, territorial or foreign income tax legislation or considerations. However, there can be no assurance that the Tax Proposals will be enacted in the form publicly announced or at all.

This summary assumes that none of the issuers of securities held by the Fund will be a foreign affiliate of the Fund or any Unitholder of the Fund, or a non-resident trust that is not an "exempt foreign trust" as defined in section 94 of the Tax Act. This summary also assumes that the Fund will not be (i) a "SIFT trust" for the purposes of the Tax Act, (ii) a "financial institution" for purposes of the Tax Act, or (iii) required to include any amounts in income pursuant to section 94.1 or section 94.2 of the Tax Act.

This summary is not exhaustive of all possible Canadian federal tax considerations applicable to you in respect of an investment in Units of the Fund and does not describe the income tax consequences relating to the deductibility of interest on money borrowed to acquire Units. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any particular investor. Accordingly, you are urged to consult with their own tax advisors for advice with respect to the income tax consequences of an investment in Units, based on your particular circumstances.

Tax Status of the Fund

This summary is based on the assumptions that (i) the Fund will qualify, at all times, as a "mutual fund trust" within the meaning of the Tax Act and has validly elected under the Tax Act to be a "mutual fund trust" from the date it was established, (ii) the Fund will not be maintained primarily for the benefit of non-residents, and (iii) not more than 50% (based on fair market value) of the Units of the Fund will be

held by non-residents of Canada or by partnerships that are not Canadian partnerships as defined in the Tax Act, or by any combination of such partnerships and non-residents.

In order to continue to qualify as a mutual fund trust, the Fund must, among other things, comply on a continuous basis with certain minimum requirements respecting the ownership and dispersal of Units. If the Fund does not qualify as a “mutual fund trust” at all times, the income tax considerations described below could be materially and adversely different.

Taxation of the Fund

In each taxation year, income of the Fund, including the taxable portion of capital gains, if any, that is not paid or made payable to its Unitholders in that year will be taxed in the Fund under Part I of the Tax Act. Provided the Fund distributes all of its net taxable income and net capital gains to its Unitholders on an annual basis, it should not be liable for any income tax under Part I of the Tax Act.

The Fund is required to include, in computing its income for each taxation year, the taxable portion of any realized net capital gains, any dividends received by it in a taxation year and all interest that accrues to it during the year, or becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding taxation year. In computing its income, the Fund will take into account any loss carry-forwards, any capital gains refund and all deductible expenses, including management fees. Generally, gains and losses realized by the Fund from derivative securities and securities will be treated as income and losses of the Fund.

Losses incurred by the Fund in a taxation year cannot be allocated to Unitholders, but may be deducted by the Fund in future years in accordance with the Tax Act.

The Fund’s portfolio may include securities which are not denominated in Canadian dollars. The cost and proceeds of disposition of securities, dividends, interest and all other amounts will be determined for the purposes of the Tax Act in Canadian dollars at the exchange rate prevailing at the time of the transaction, as more particularly determined in accordance with section 261 of the Tax Act. Accordingly, the Fund may realize gains or losses by virtue of the fluctuation in the value of foreign currencies relative to Canadian dollars.

The Fund may derive income or gains from investments in countries other than Canada and, as a result, may be liable to pay income or profits tax to such countries. To the extent such foreign tax paid by the Fund exceeds 15% of the amount included in the Fund’s income from such investments, such excess may generally be deducted by the Fund in computing its income for purposes of the Tax Act, subject to the detailed provisions of the Tax Act. To the extent that such foreign tax paid does not exceed 15% of such foreign source income and has not been deducted in computing the Fund’s income, the Fund may generally designate a portion of its foreign source income in respect of its Unitholders so that such income, and a portion of the foreign tax paid by the Fund, may be regarded as foreign source income of, and foreign tax paid by, the Unitholders for the purposes of the foreign tax credit provisions of the Tax Act.

The Fund may be subject to loss restriction rules contained in the Tax Act, unless the Fund qualifies as an “investment fund” as defined in the Tax Act, which, among other things, requires that certain investment diversification restrictions are met, and that Unitholders hold only fixed (and not discretionary) interests in the Fund. If the Fund experiences a “loss restriction event” (i) the Fund will be

deemed to have a year-end for tax purposes (which would result in an allocation of the Fund's net income and net realized capital gains at such time to Unitholders so that the Fund is not liable for income tax on such amounts) and (ii) the Fund will be deemed to realize any unrealized capital losses and its ability to carry forward losses will be restricted. Generally, the Fund will have a loss restriction event when a person becomes a "majority-interest beneficiary" of the Fund, or a group of persons becomes a "majority-interest group of beneficiaries" of the Fund, as those terms are defined in the Tax Act.

The Fund may be subject to the "suspended loss" rules contained in the Tax Act, which would generally apply where the Fund disposes of property and subsequently reacquires the property or acquires an identical property within the time period that begins 30 days before the disposition and ends 30 days following the disposition, and the Fund continues to own the reacquired or newly-acquired property following that period. Where the "suspended loss" rules apply, any losses arising from the initial disposition of property would be denied as a deduction against Fund's capital gains, but may be realized at a future point in time in accordance with the rules in the Tax Act.

Taxation of Unitholders

Although this summary applies to Unitholders who hold Units as capital property, it is worth noting that generally, Units will also be considered to be capital property to a purchaser, provided the purchaser does not hold such securities in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Provided that the Fund qualifies as a "mutual fund trust" for the purposes of the Tax Act at all material times, certain Unitholders who might not otherwise be considered to hold Units as capital property may, in certain circumstances, be entitled to have such Units and all other "Canadian securities" as defined in the Tax Act owned or subsequently acquired by them treated as capital property by making the irrevocable election available pursuant to subsection 39(4) of the Tax Act. Unitholders should consult their own tax advisors as to whether an election under subsection 39(4) of the Tax Act is available or advisable in their circumstances.

Units Held in a Registered Plan

If you hold Units of the Fund in Registered Plans distributions from the Fund and capital gains from a redemption (or other disposition) of Units in respect of the Registered Plan are generally not subject to tax under the Tax Act until withdrawals are made from the Registered Plan (however, withdrawals from a TFSA are generally not subject to tax).

Notwithstanding the foregoing, if the Units of the Fund are "prohibited investments" (as defined in the Tax Act) for your Registered Plan, you—as the holder of the TFSA or RDSP, the annuitant under the RRSP or RRIF, or the subscriber of the RESP, as the case may be— may be subject to a penalty tax as set out in the Tax Act. The Units of the Fund will be a "prohibited investment" for such Registered Plan, if you (i) do not deal at arm's length with the Fund for purposes of the Tax Act, or (ii) have a "significant interest", as defined in the Tax Act, in the Fund. Generally, you will not have a significant interest in the Fund unless you own interests as a beneficiary under the Fund that have a fair market value of 10% or more of the fair market value of the interests of all beneficiaries under the Fund, either alone or together with persons and partnerships with which you do not deal at arm's length. In addition, your Units will not be

a “prohibited investment” if such Units are “excluded property” as defined in the Tax Act for a Registered Plan.

You should consult with your own tax advisors to determine whether Units of the Fund would be a “prohibited investment” for your Registered Plan, based on your particular circumstances.

Units Not Held in a Registered Plan

If a Unitholder of the Fund holds Units of the Fund outside a Registered Plan, the Unitholder will generally be required to include in computing income for a taxation year such part of the net income of the Fund, including the taxable portion of capital gains, if any, paid or payable to the Unitholder in the taxation year. This is the case even though such distributions may be automatically reinvested in additional Units and there may therefore be insufficient cash received by a Unitholder to pay the tax payable in respect of such distributions of income.

Generally, any distributions in excess of the net income and net capital gains of the Fund in a year will not be taxable in the hands of a Unitholder of the Fund but will reduce the adjusted cost base of the Units. To the extent that a Unitholder’s adjusted cost base of their Units would otherwise be a negative amount, the negative amount will be deemed to be a capital gain realized by the Unitholder and the Unitholder’s adjusted cost base will be nil immediately thereafter. The non-taxable portion of capital gains distributed to a Unitholder will not be taxable in the hands of the Unitholders and will not, provided the appropriate designations are made by the Fund, reduce the adjusted cost base of the Units.

The higher the portfolio turnover rate of the Fund in a year, the greater the chance that an amount will be declared payable or paid in respect of your Units of the Fund prior to the end of the year. However, there is not necessarily a relationship between a high turnover rate of the Fund’s portfolio and the performance of the Fund.

Provided that appropriate designations are made by the Fund, such portion of (a) the net realized taxable capital gains of the Fund and (b) the taxable dividends received by the Fund on shares of taxable Canadian corporations as are paid or become payable to a Unitholder will effectively retain their character and be treated as such in the hands of the Unitholder. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the normal gross-up and dividend tax credit rules will apply.

The Fund may make designations in respect of the income from foreign sources, if any, so that Unitholders may be able to claim a foreign tax credit in accordance with the provisions of and subject to the general limitations under the Tax Act for a portion of foreign tax, if any, paid by the Fund. The net asset value per Unit of the Fund at the time that the Unitholder acquires Units may reflect income and gains of the Fund that have accrued up to the time Units are acquired. Accordingly, a Unitholder who acquires Units of the Fund, particularly late in a calendar year, may become taxable on the Unitholder’s share of income and gains of the Fund that accrued before the Units were acquired by the Unitholder.

We will provide each Unitholder with prescribed information in the form required by the Tax Act to assist with the preparation of tax returns.

Upon the redemption (or other disposition) of a Unit of a particular series of Units of the Fund, including on a redemption of Units to pay any applicable switch or reclassification fees, a Unitholder will realize a capital gain (or capital loss) to the extent that the proceeds of disposition exceed (or are exceeded by) the Unitholder's adjusted cost base of the Unit and any reasonable costs of disposition. For the purpose of determining the adjusted cost base of Units to a Unitholder, when Units are acquired, including on the reinvestment of distributions, the cost of the newly acquired Units will generally be averaged with the adjusted cost base of all such Units of a particular series of Units of the Fund owned by the Unitholder as capital property immediately before that time.

One-half of any capital gain realized on the disposition of Units will be included in the Unitholder's income and one-half of any capital loss realized must be deducted from taxable capital gains realized in a particular year. A Unitholder may deduct one-half of any unused capital losses arising in a particular taxation year against the taxable portion of any net capital gains arising in the three immediately preceding taxation years or in subsequent taxation years, subject to the rules in the Tax Act.

In general terms, net income of the Fund paid or payable to a Unitholder that is designated as net realized taxable capital gains, taxable Canadian dividends or taxable capital gains realized on the disposition of Units may increase the Unitholder's potential liability for alternative minimum tax.

A reclassification of Units of the Fund should not generally be considered to give rise to a taxable disposition for the purposes of the Tax Act.

Management and performance fees paid directly to the Manager by holders of Series I Units will generally not be deductible by those Unitholders.

Calculating the Adjusted Cost Base of a Unit of the Fund

You must separately compute the adjusted cost base in respect of each series of Units of the Fund that you own. The adjusted cost base in respect of any series of Units of the Fund that you own must be calculated in Canadian dollars.

The total adjusted cost of your Units of a particular series of Units of the Fund (the "subject series") is generally equal to:

- the total of all amounts you paid to purchase those Units, including any sales charges paid by you at the time of purchase; plus
- the adjusted cost base of any Units of another series of Units of the Fund that you hold that were reclassified as Units of the subject series; plus
- the amount of any reinvested distributions in respect of Units of the subject series; less
- the return of capital component of distributions paid to you in respect of your Units of the subject series; and less
- the adjusted cost base of any of your Units of the subject series that have been redeemed.

The adjusted cost base of a single Unit of a subject series is the total adjusted cost base of Units of the subject series held by you divided by the number of Units of the subject series that you hold at the relevant time.

Tax Reporting

Generally, you will be required to provide your financial advisor with information related to your citizenship, tax residence and, if applicable, your foreign tax identification number. If you are identified as a U.S. citizen (including a U.S. citizen living in Canada), U.S. resident, or a foreign tax resident, details of your investment in the Fund will generally be reported to the CRA unless Units are held inside a registered plan. The CRA may provide the information to the relevant foreign tax authorities under exchange of information treaties or other agreements.

International Tax Reporting

On December 15, 2016, Part XIX of the Tax Act was enacted, which came into force on July 1, 2017, and which implemented the Organization for Economic Co-operation and Development Common Reporting Standard. Pursuant to Part XIX of the Tax Act, “Canadian financial institutions” that are not “non-reporting financial institutions” (as both terms are defined in Part XIX of the Tax Act) are required to have procedures in place to identify accounts held by residents of foreign countries (other than the U.S.) or by certain entities the “controlling persons” of which are tax resident in a foreign country and to report required information to the CRA. Such information is expected to be exchanged on a reciprocal, bilateral, basis with the tax authorities of the foreign country in which the account holders or such controlling persons are tax resident, pursuant to the Multilateral Convention on Mutual Administrative Assistance in Tax Matters or the relevant bilateral tax treaty. Pursuant to Part XIX of the Tax Act, Unitholders are required to provide certain information regarding their investment in the Fund for the purpose of such information exchange, unless the investment is held within certain Registered Plans.

U.S. Foreign Account Tax Compliance Act Risk

In March 2010, the U.S. enacted the Foreign Account Tax Compliance Act (“FATCA”), which imposes certain reporting requirements on non-U.S. financial institutions. The governments of Canada and the United States have entered into an Intergovernmental Agreement (“IGA”) which establishes a framework for cooperation and information sharing between the two countries and may provide relief from a 30% U.S. withholding tax under U.S. tax law (the “FATCA Tax”) for Canadian entities such as mutual funds, provided that (i) the Fund complies with the terms of the IGA and the Canadian legislation implementing the IGA in Part XVIII of the Tax Act, and (ii) the government of Canada complies with the terms of the IGA. Under Part XVIII of the Tax Act, Unitholders of the Fund are required to provide identity and tax residency and other information to the Fund (and may be subject to penalties for failing to do so), which, in the case of Specified U.S. Persons or certain non-U.S. entities controlled by Specified U.S. Persons, such information and certain financial information (for example, account balances) will be provided by the Fund to the CRA and from the CRA to the U.S. Internal Revenue Service (“IRS”). The Fund may be required to treat holders of Units of the Fund that fail to provide required information to the Fund as having a “U.S. Reportable Account” [or if indicia of US status is present](#) for FATCA purposes. The Fund is required to provide certain account-related information to the CRA in respect of all U.S. Reportable Accounts, which is thereafter provided by the CRA to the IRS. The Fund may be subject to FATCA Tax if it cannot satisfy the applicable requirements under the IGA or Part XVIII of the Tax Act, or if the Canadian government is not in compliance with the IGA and if the Fund is otherwise unable to

comply with any relevant and applicable U.S. legislation. Any such FATCA Tax would reduce the Fund's distributable cash flow and net asset value.

Eligibility for Investment

Provided that the Fund qualifies as a "mutual fund trust" for purposes of the Tax Act, Units of that Fund will be "qualified investments" under the Tax Act for Registered Plans – subject to the above-noted rules relating to "prohibited investments".

REMUNERATION OF DIRECTORS, OFFICERS AND TRUSTEES

The Fund does not directly employ any directors, officers or trustees to carry out Fund operations. YTM, as manager of the Fund, provides or retains all personnel necessary to conduct the Fund's operations.

MATERIAL CONTRACTS

The material contracts entered into by the Fund as of the date of this annual information form are:

- (a) the Declaration of Trust; and
- (b) the Custodian Agreement.

Copies of these agreements are available for inspection at the principal office of YTM during regular business hours and are also available on www.sedar.com.

LEGAL AND ADMINISTRATIVE PROCEEDINGS

As of the date of this annual information form, there are no ongoing material legal or administrative proceedings pending to which the Fund or YTM is a party or which are known to be contemplated.

CERTIFICATE OF YTM CAPITAL FIXED INCOME ALTERNATIVE FUND AND THE MANAGER, TRUSTEE AND PROMOTER OF YTM CAPITAL FIXED INCOME ALTERNATIVE FUND

This annual information form, together with the simplified prospectus and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as required by the securities legislation of all of the provinces and territories of Canada and do not contain any misrepresentations.

Dated the 21 day of May, 2021.

Daniel Child
Chief Executive Officer
YTM Capital Asset Management Ltd.

Karl Burnham
Chief Financial Officer
YTM Capital Asset Management Ltd.

ON BEHALF OF THE BOARD OF DIRECTORS OF YTM CAPITAL ASSET MANAGEMENT LTD.
IN ITS CAPACITY AS MANAGER, PROMOTER AND TRUSTEE OF THE FUND

Daniel Child
Director
YTM Capital Asset Management Ltd.

Karl Burnham
Director
YTM Capital Asset Management Ltd.

David Burbach
Director
YTM Capital Asset Management Ltd.

YTM Capital Fixed Income Alternative Fund

Additional information about the Fund is available in the Fund's Fund Facts, management reports of fund performance and financial statements.

You can get a copy of these documents at no cost by calling toll-free 1-833-828-4098, or from your financial advisor, or by e-mail at info@ytmcapital.com.

These documents and other information about the Fund, such as information circulars and material contracts, are also available is also available at www.ytmcapital.com or at www.sedar.com.

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