

YTM Capital Fixed Income Alternative Fund



Strategy

Long / short hedge fund delivering Canadian investment grade credit exposure



Target

Long-term net returns of 4% - 6% with low volatility



Portfolio

Short maturity corporate bonds with neutralized interest rate risk



Uncorrelated

Compelling fixed-income alternative

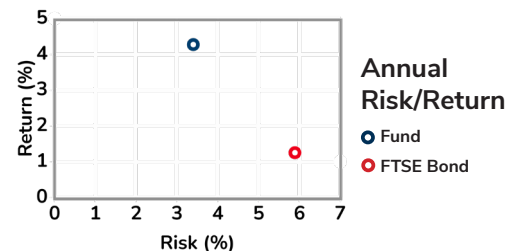
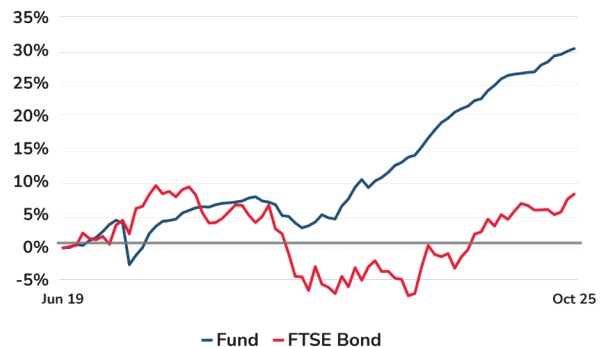
Net Performance

	1 month	1 year	3 year	5 year	S.I.
Fund	0.31%	4.42%	7.68%	4.55%	4.27%
FTSE Bond	0.69%	4.70%	5.16%	0.08%	1.25%

Risk

LOW	MEDIUM	HIGH
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CR01 as a percent of NAV	0.043%	Months Positive	81%
Average Weighted Maturity	1.9 years	Best Month	2.13%
Modified Duration	0.35	Worst Month	-6.11%
Annualized Standard Deviation	3.5%	Maximum Drawdown	-6.52%
Sharpe Ratio	0.56	Upside Capture - FTSE Bond	39
Correlation to FTSE Bond	0.28	Downside Capture - FTSE Bond	-10



Portfolio Manager Commentary

Daniel Child CA, CPA, CFA

Edward Winiarz CFA

October was another active month for the Canadian credit market, marked by heavy primary supply, resilient demand, and supportive monetary policy. A total of \$11 billion in new issuance came to market, including \$1.68 billion of high yield paper. Despite the elevated activity, investors readily absorbed supply as both the Bank of Canada and the U.S. Federal Reserve delivered well-telegraphed rate cuts, and Q3 earnings proved largely benign. Year-to-date issuance now totals \$128 billion, already ranking 2025 as the third-busiest year on record, with syndicate desks anticipating a strong finish to the year.

Fund flows remained firmly positive into Canadian investment grade and to a lesser extent into high yield strategies during October. Sector-wise, Banks accounted for 19% of monthly issuance, followed by REITs (15%) and Industrials (10%), while 45% of total supply fell in the 5–7-year tenor. Notably, 58% of issuance was rated BBB, the highest proportion since 2018, while single-A names represented only 14%, a reversal of historical norms for October.

The Bloomberg Barclays Canada Corporate Bond Index was unchanged on the month, with the OAS steady at +87 bps, near the bottom of its 2025 range of +85 to +123 bps. Performance varied across the curve: long corporates outperformed (-2 bps), the 5–10-year segment widened slightly (+2 bps), and the short end held flat. Sector dispersion was also evident — Infrastructure/Transportation and Telecoms led with -4 bps of tightening, followed by Utilities (-3 bps) and Autos (-2 bps), while Mid-Cap Financials, Deposit Notes, and Insurance modestly underperformed (+1 bp each).

Year-to-date, Telecoms (-30 bps) and REITs (-29 bps) remain the strongest sectors, driven by deleveraging and active liability management, while Energy-Mining, Autos, Deposit Notes, and Infrastructure/Transportation lag. Earnings season has been largely solid, with only isolated weak results. However, aggregate credit metrics weakened very modestly versus September. Large money re-flows into the bond market in the form of December 1 maturities and coupon payments are starting to influence investor decision making, adding to the strong technical market forces that has driven the market over the last six to twelve months. While we remain cautious as spreads remain expensive by historical standards, it is unclear what the catalyst for spread widening will be in the near term. Until more clarity on trade deals and other macro headwinds is available, we will remain lighter than average on risk.

Portfolio Managers



Seasoned

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



Accomplished

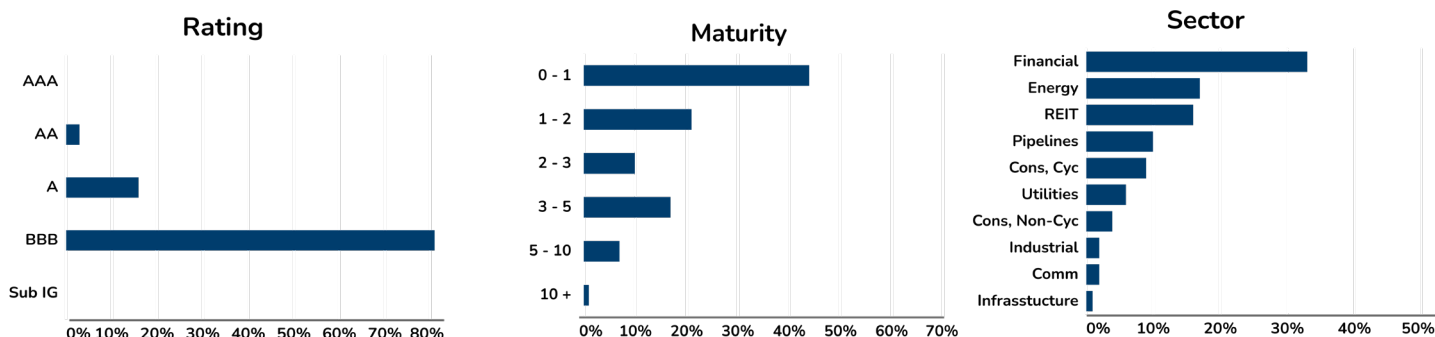
Head Corporate Trader and Director at major Canadian dealers responsible for billions of at-risk capital



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	0.16	0.10	0.17	0.06	0.76	0.37	0.73	0.17	0.38	0.31			3.25
2024	1.06	1.02	0.50	0.76	0.44	0.32	0.71	0.23	1.00	0.72	0.72	0.42	8.18
2023	1.68	1.05	-1.10	0.91	0.49	0.71	0.94	0.41	0.70	0.26	1.08	1.20	8.63
2022	-0.35	-1.57	-0.14	-0.95	-0.70	0.30	0.50	1.06	-0.46	-0.15	1.88	1.01	0.45
2021	0.37	0.15	-0.04	0.34	0.20	0.07	0.11	0.17	0.40	0.18	-0.58	-0.18	1.19
2020	0.63	-0.41	-6.11	1.47	1.19	2.13	1.08	0.73	0.12	0.20	0.90	0.38	2.08
2019						0.06 *	0.49	-0.16	0.73	0.48	0.88	1.04	3.57

Fund Details

Transactions	Daily	Distributions	Monthly (4%/yr target; TA/TF) Quarterly (A/F/US)
Management fee	1.90% (A/TA/US) 0.90% (F/TF/US)	Fundserv	YTM401 (A) YTM402 (TA) YTM404 (A-USD) YTM405 (F) YTM406 (TF) YTM408 (F-USD)
Performance fee	15%, high watermark		
Fund Administrator	SGGG Fund Services Inc.		
Auditor	PwC LLP	Reg Pans	Yes

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 OCTOBER 31, 2025 * June 24 - 30, 2019. **FTSE Bond** = FTSE Canada Universe Bond Index. CR01 measures the impact of a 1 basis point change in credit spreads on the Fund's value. Sharpe Ratio is calculated using a 3 month Govt of Canada Treasury Bill as the risk free rate. Drawdown represents the percentage loss for the Fund from peak to trough. Market capture ratios compare the Fund's performance to the FTSE Bond index. Comparative returns are provided to demonstrate the Fund's utility as an alternative investment. Investors should consider differences between the investments generally represented by the indexes and the Fund, such as risk profiles and taxation of returns. This document is for information only and is not intended to solicit orders for the Fund. Investors should read the Simplified Prospectus (SP) and Fund Facts (FF) including the Risk Factors sections before making an investment. You can obtain the SP and FF from YTM Capital Asset Management Ltd. and at ytmcapital.com or from your investment advisor. 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, distributions reinvested. Rating and maturity information exclude cash and Government of Canada 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.

