YTM Capital Credit Opportunities Fund

Strategy
Long / short hedge fund delivering Canadian investment grade credit exposure

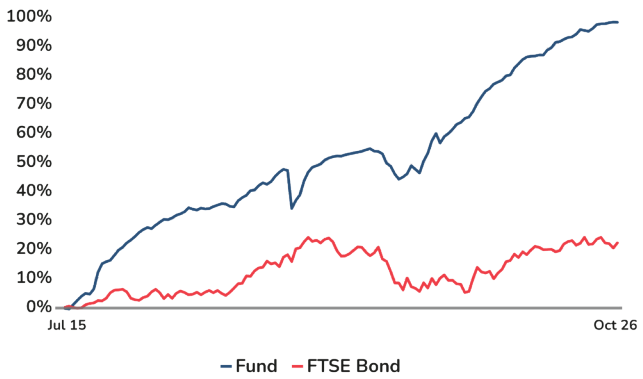
Target
Long-term net returns of 6% - 8% with low volatility

Portfolio
Short maturity investment grade credit with neutralized interest rate risk

Uncorrelated
Compelling fixed-income alternative

Net Performance

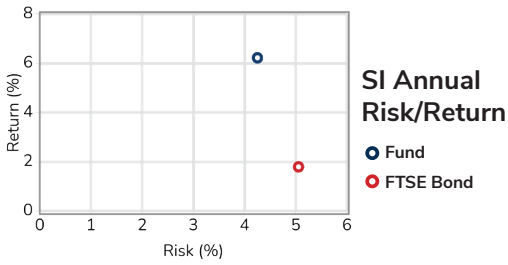
	1 year	3 year	5 year	10 year	S.I.
Fund	2.72%	6.18%	5.09%	4.95%	6.22%
FTSE Bond	-0.33%	5.04%	0.75%	1.51%	1.79%



Risk

LOW — MEDIUM — HIGH

CR01 as a percent of NAV	0.040%	Months Positive	79%
Average Weighted Maturity	1.5 years	Best Month	5.33%
Modified Duration	1.43	Worst Month	-8.89%
Annualized Standard Deviation	4.3%	Maximum Drawdown	-9.18%
Sharpe Ratio	1.03	Upside Capture - FTSE Bond	57
Correlation to FTSE Bond	0.22	Downside Capture - FTSE Bond	-27



Portfolio Manager Commentary

Daniel Child CA, CPA, CFA **Edward Winiarz** CFA

Geopolitical tensions, higher energy prices and weakness in technology shares weighed on risk appetite in October. Monetary policy remained a source of uncertainty: the Bank of Canada raised its policy rate by 25 basis points and signaled that further increases could be necessary. Spreads widened by 9 bps. Canadian credit was marginally more resilient than U.S. IG, where spreads widened by 10 bps.

Primary-market activity was a significant feature of the month. Canadian corporate issuance reached C$18.1 billion, an October record and well above the ten-year October average of C$8.5 billion. Banks accounted for 39% of supply, while consumer and retail issuers represented 28%, driven by Walmart's transaction. Maple issuance—Canadian-dollar bonds issued by foreign borrowers—contributed C$5.8 billion, underscoring the importance of international issuers to the domestic market. The substantial volume of new bonds provided investors with opportunities to deploy capital, but also increased the amount of supply that the market needed to absorb during a period of weaker risk appetite. Year-to-date corporate issuance reached C$182 billion, up 42% from the comparable period in 2025, highlighting the scale of borrowing activity.

Demand remained supportive with continued inflows into Canadian fixed-income funds. However, those inflows were not sufficient to prevent spread widening against the combination of heavy issuance and broader market uncertainty. October therefore illustrated the importance of assessing supply and investor demand together, rather than treating positive fund flows alone as a signal of stronger credit-market conditions.

Looking ahead, October's central message is that positive bond returns should not be confused with improving credit conditions. Falling government yields supported performance even as investors demanded greater compensation for corporate risk, with meaningful differences across sectors, ratings and maturities. Higher energy prices and the possibility of further monetary tightening remain counterweights to the support that high-quality bonds can receive during periods of market stress. For Canadian credit investors, this environment reinforces the importance of issuer selection, liquidity and valuation discipline, alongside a clear distinction between interest-rate exposure and credit-spread exposure. Income remains an important component of prospective returns, but October's experience highlights why the durability of that income—and the price paid to obtain it—matters.

We remain defensive, with timely derisking during the month, which side stepped most of the negative performance drag from wider spreads. Overall credit risk remains anchored close to the bottom decile of our historic ranges, as we continue to wait for wider spreads and better risk/return tradeoffs to transition toward a more offensive posture.

YTM CAPITAL

Seasoned

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

Accomplished

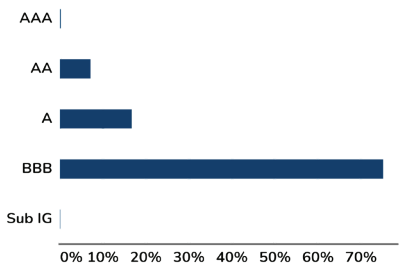
Head Corporate Trader and Director at major Canadian dealers responsible for billions of at-risk capital

Conservative

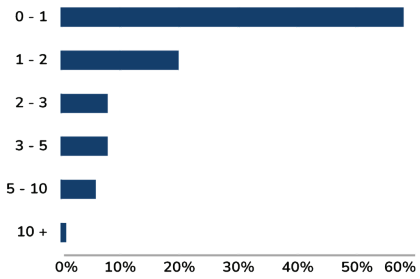
Focused on downside protection, putting capital preservation first while delivering strong risk-adjusted returns

Portfolio

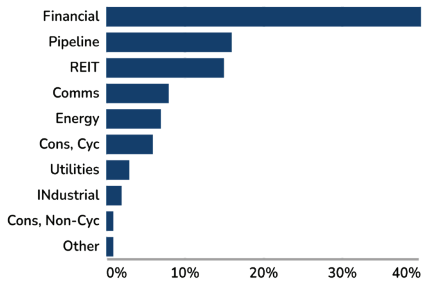
Rating



Maturity



Sector



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	0.12	0.02	0.19	0.09	-0.03			2.11
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	Semi-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**	YTM501 (A) YTM531 (TA) YTM511 (F) YTM541 (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.

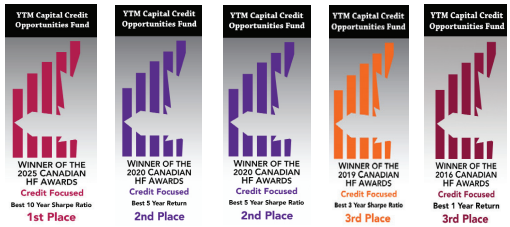
Kevin Foley
kevin.foley@ytmcapital.com

Gianni Markou
gianni.markou@ytmcapital.com

Nicole McLachlan
nicole.mclachlan@ytmcapital.com

Art Sanchez
art.sanchez@ytmcapital.com

Jay Kim
jay.kim@ytmcapital.com



As of OCTOBER 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 is the Fund's loss from peak to trough. In the risk/return chart, risk = 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 | CAPITAL