

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

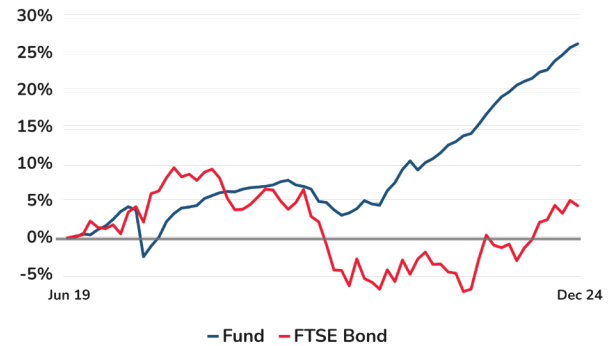


Uncorrelated

Compelling fixed-income alternative

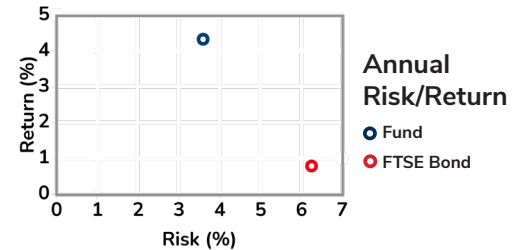
Net Performance

	1 month	1 year	3 year	5 year	S.I.
Fund	0.42%	8.18%	5.62%	4.05%	4.32%
FTSE Bond	-0.69%	3.96%	-0.69%	0.74%	0.78%



Risk

LOW	MEDIUM	HIGH	
CR01 as a percent of NAV	0.066%	Months Positive	79%
Average Weighted Maturity	1.7 years	Best Month	2.13%
Modified Duration	0.36	Worst Month	-6.11%
Annualized Standard Deviation	3.6%	Maximum Drawdown	-6.52%
Sharpe Ratio	0.55	Upside Capture - FTSE Bond	39
Correlation to FTSE Bond	0.29	Downside Capture - FTSE Bond	-9



Portfolio Manager Commentary

Daniel Child CA, CPA, CFA

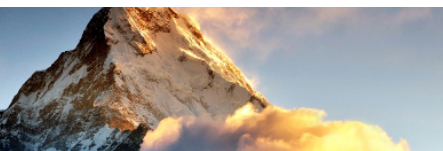
Edward Winiarz CFA

The holiday-shortened month did little to slow the new issue market, which saw supply nearly double the ten-year average, reaching \$11.3 billion. This surge resulted in a record high for annual issuance, surpassing the previous year's total by 15%. The secondary market also performed strongly, tightening by 2 basis points despite the brisk pace of primary issuance, further highlighting the robust demand for corporate bonds.

The Bank of Canada cut rates by the anticipated 50 basis points but signaled a slower pace of future adjustments as overnight rates approached 3%. This led to a sell-off in yields through the remainder of the month. In the U.S., rates rose even more sharply farther out the curve, as the Federal Reserve adopted a cautious approach to further rate hikes. Markets continued to price in strong economic growth and inflation, responding to even modestly bearish rate developments with higher yields.

Higher-beta spread compression persisted, with BBB-rated companies outperforming A-rated ones. Long utilities now appear very expensive, trading more than two standard deviations above historical norms. In response, we initiated trades favoring long provincial bonds over utilities. While telecoms remain on our watchlist as a potential opportunity, we believe the timing is not quite right yet.

The Fund delivered another positive month, ending the year with a return of 8.18%. As we move into 2025, we anticipate an array of intriguing trading opportunities in the first quarter and beyond.



Portfolio Managers



Seasoned

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



Accomplished

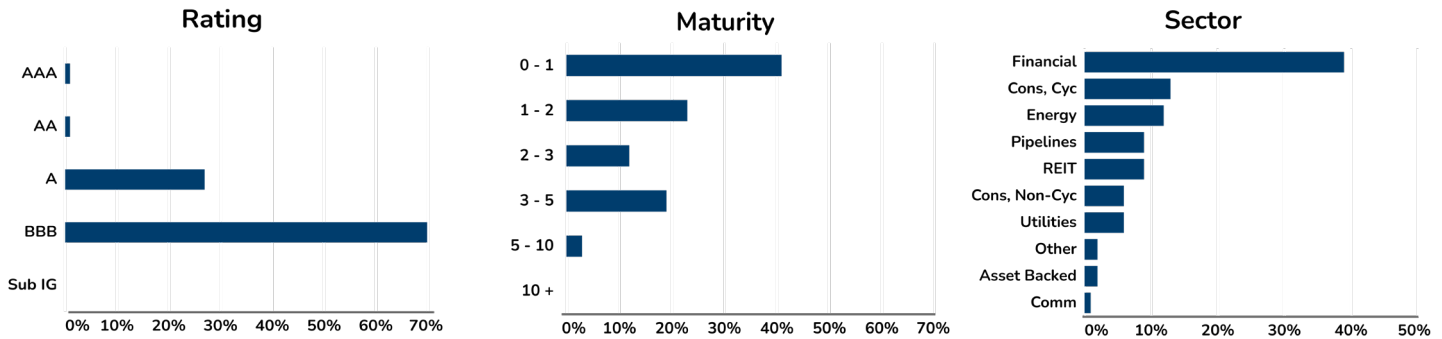
Head Corporate Trader and Director at major Canadian dealers responsible for billions of at-risk capital



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
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	Reg Pans	Yes
Fund Administrator	SGGG Fund Services Inc.		
Auditor	PwC LLP		

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 DECEMBER 31, 2024 * June 24 - 30, 2019. **FTSE Bond** = FTSE Canada Universe Bond Index. CR01 measures how much the Fund's value is impacted by a 1 basis point change in credit spreads. Sharpe Ratio is calculated using a 3 month Government 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. ytmcapital.com