

# 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

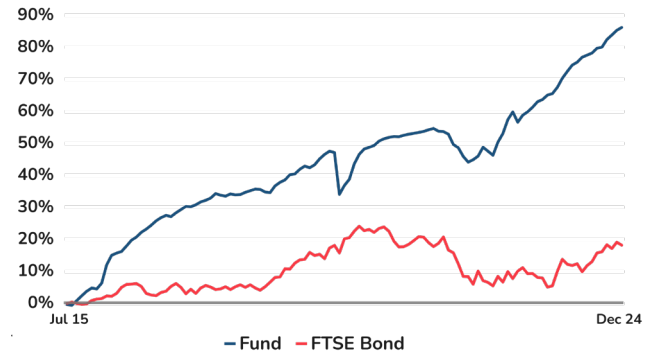


## Uncorrelated

Compelling fixed-income alternative

## Net Performance

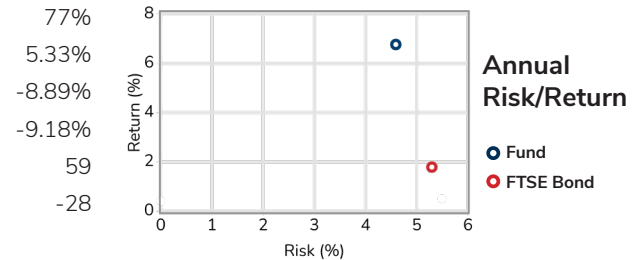
	1 month	1 year	3 year	5 year	S.I.
Fund	0.48%	9.34%	6.62%	4.91%	6.76%
FTSE Bond	-0.69%	3.96%	-0.69%	0.74%	1.78%



## Risk

LOW	MEDIUM	HIGH
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CR01 as a percent of NAV	0.058%	Months Positive	77%
Average Weighted Maturity	1.7 years	Best Month	5.33%
Modified Duration	0.38	Worst Month	-8.89%
Annualized Standard Deviation	4.6%	Maximum Drawdown	-9.18%
Sharpe Ratio	1.09	Upside Capture - FTSE Bond	59
Correlation to FTSE Bond	0.23	Downside Capture - FTSE Bond	-28



## Portfolio Manager Commentary

**Daniel Child** CA, CPA, CFA

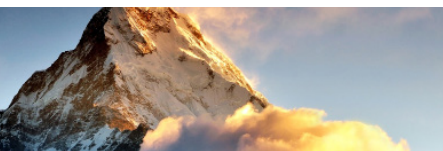
**Edward Winiarz** CFA

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 9.34%. 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

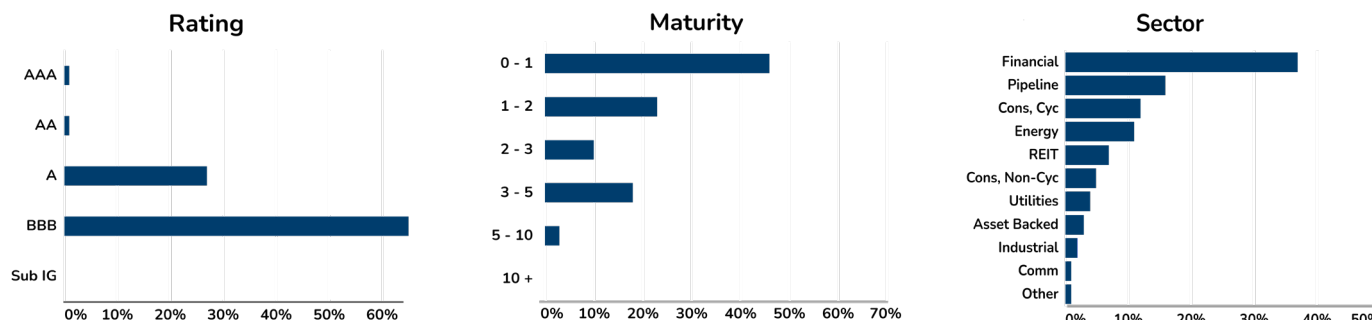
Head Corporate Trader and Director at major Canadian dealers responsible for billions of at-risk capital



## 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	1.25	1.15	0.52	0.89	0.37	0.38	0.83	0.19	1.31	0.79	0.80	0.48	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>	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

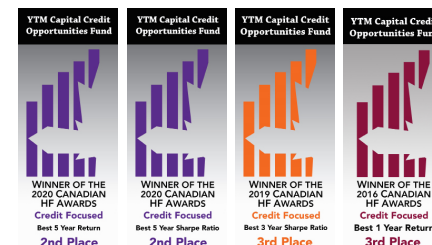
YTM is a credit fund manager established in 2010, based in Oakville, Ontario that focuses on providing better fixed income solutions.

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**As of DECEMBER 31, 2024. FTSE Bond** = FTSE Canada Universe Bond Index. CR01 measures the impact on a Fund's value by 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 percentage 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. 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)

