

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 the ability to neutralize interest rate risk

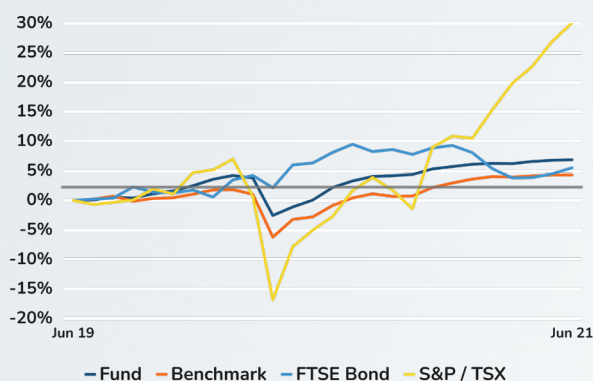


Uncorrelated

Compelling fixed-income alternative

Net Performance

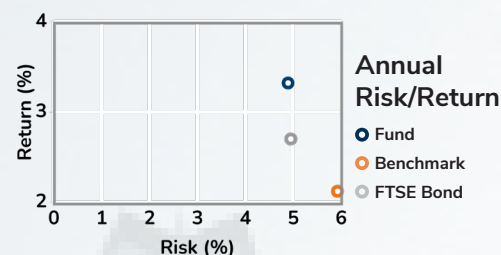
	1 month	1 year	S.I.
Fund	0.07%	4.55%	3.31%
Benchmark	0.01%	5.21%	2.12%
FTSE Bond	0.96%	-2.42%	2.70%
S&P / TSX	1.86%	33.87%	13.84%



Risk

LOW	MEDIUM	HIGH
CR01 as a percent of NAV	0.095%	
Average Weighted Maturity	3.1 years	
Annualized Standard Deviation	5.0%	
Sharpe Ratio	0.54	
Correlation to FTSE Bond	0.42	

Months Positive	83%
Best Month	2.13%
Worst Month	-6.11%
Maximum Drawdown	-6.52%
Upside Capture - FTSE Bond	56%
Downside Capture - FTSE Bond	22%



Portfolio Manager Commentary

Daniel Child CA, CPA, CFA

Karl Burnham CFA, MBA

Spreads were unchanged on the month and largely range-bound between +/- 1 basis points. New Issuance hit an all-time monthly record of \$19.1 billion, which ordinarily would serve to reduce secondary market yields, but the market held up in June. We participated in many deals and passed on a few that we judged were over-priced. The impact to the Fund's return was positive.

The mid-June FOMC announcement set expectations for higher rates, as has the Bank of Canada, but not necessarily as quickly as some market participants expected. The announcement triggered rate volatility with the interest rate curve flattening considerably – i.e. the yields on long maturity bonds decreased more than shorter date maturities. Surprisingly, the credit curve did not steepen in sympathy to the flattening yield curve and the impact on the Fund was negligible. There was little in the way of macro-economic news to impact the market. The Delta variant, while concerning and newsworthy, has not yet had a direct impact on the majority of Canadian issuers. Fund inflows continue to slow and, while still positive, are on our radar on the chance they turn negative and put pressure on credit spreads. In this environment we increased risk slightly.

In a continuation of an international trend, the inaugural C\$ Sustainability Linked Bond ("SLB") was launched. Unlike Green Bonds that have specific ESG-focused use of proceeds, SLB coupons are tied to an issuer's broader sustainability targets. To date we have invested in Green Bonds on the belief they will outperform. We are monitoring the impact of SLBs on the ESG market and determining whether we hold the same view.

Our near-term outlook is constructive. The Fund is positioned for a July and August with expected quiet new issuance months, which typically buoys the secondary market. In the mid to longer term we are focused on heavier new issuance and the COVID variant threat in the context of a tight spread environment. These factors could lead to choppy markets and we are exploring tail-risk hedges. Offsetting these more bearish indicators are building inflationary pressures.

Portfolio Managers



Seasoned

More than 50 combined years of portfolio management and fixed-income trading experience



Accomplished

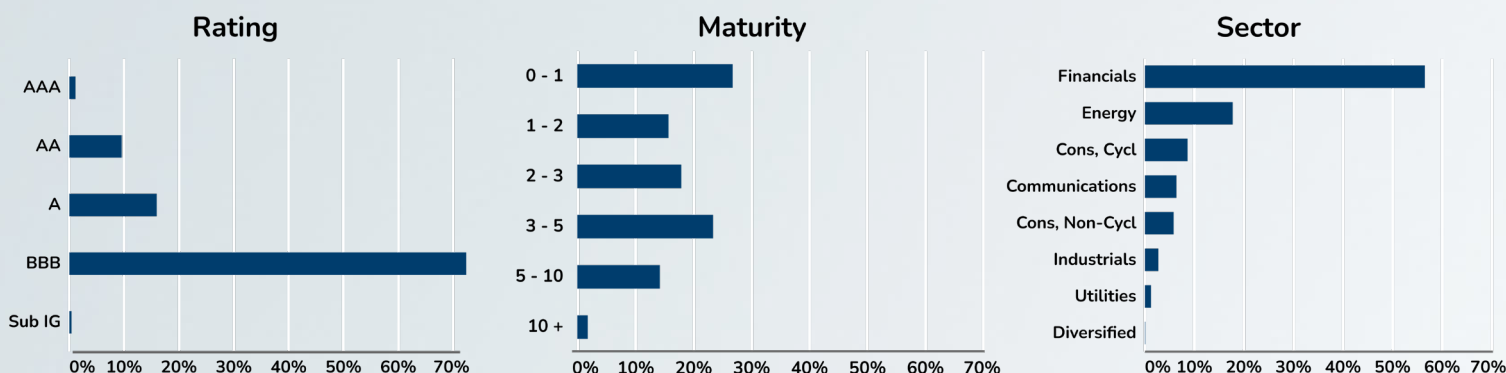
Former Head Corporate Traders at major Canadian dealers responsible for billions of at-risk capital



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
2021	0.37	0.15	-0.04	0.34	0.20	0.07							1.09
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	Quarterly
Management fee	1.90% (A) 0.90% (F)	Registered Plans	Yes
Performance fee	15%, high watermark	fundserv	YTM401 (A) YTM405 (F)
Auditor	PwC LLP	Fund Administrator	SGGG Fund Services Inc.

YTM Capital

YTM is a debt-focused asset manager established in 2010. It has more than \$540 million in assets under management and is based in Oakville, Ontario.

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* June 24 - 30, 2019. **Benchmark** = investment grade return less Government of Canada return, each of the FTSE Bond. **FTSE Bond** = FTSE Canada Universe Bond Index. **S&P/TSX** = S&P/TSX Composite 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. www.ytmcapital.com