

YTM Capital Credit Opportunities Fund



Strategy

Long / short hedge fund delivering Canadian investment grade credit exposure



Target

Long-term net returns of 7% - 9% with low volatility



Portfolio

Short maturity investment grade credit with neutralized interest rate risk

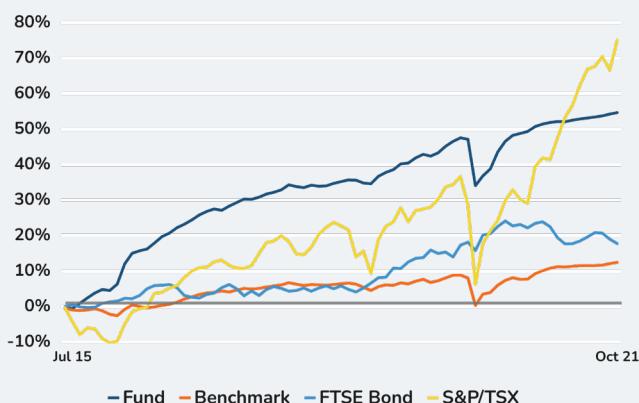


Uncorrelated

Compelling fixed-income alternative

Net Performance

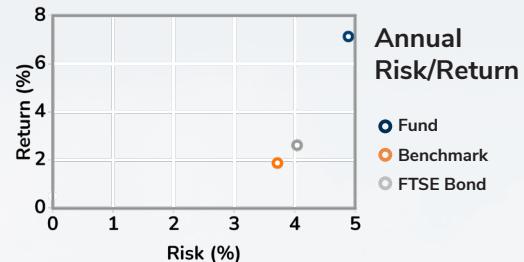
	1 month	1 year	3 year	5 year	S.I.
Fund	0.27%	3.56%	4.48%	4.82%	7.13%
Benchmark	0.31%	4.40%	1.88%	2.13%	1.87%
FTSE Bond	-1.05%	-3.63%	4.18%	2.27%	2.61%
S&P / TSX	5.02%	38.79%	15.38%	10.58%	9.23%



Risk

LOW ▾ MEDIUM ▾ HIGH

CR01 as a percent of NAV	0.13%	Months Positive
Average Weighted Maturity	2.7 years	Best Month
Modified Duration	0.06	Worst Month
Annualized Standard Deviation	4.9%	Maximum Drawdown
Sharpe Ratio	1.30	Upside Capture - FTSE Bond
Correlation to FTSE Bond	0.23	Downside Capture - FTSE Bond



Portfolio Manager Commentary

Daniel Child CA, CPA, CFA

Karl Burnham CFA, MBA

October was an eventful month on a number of fronts, but once the dust settled Canadian investment grade bond spreads were tighter by 2 basis points. The Canadian market outperformed the U.S. market by 5 basis points, eliminating some of the Canadian market relative cheapness that had persisted for quite some time. Better-than-consensus corporate earnings and strong positive equity markets provided a relatively low volatility backdrop. That said, corporate bonds still lag the equity markets as spreads are bumping up against all-time tights.

Even with strong performance from equities it was interest rates that stole the show. The Bank of Canada surprised the market by pivoting directly to the re-investment phase of tapering and acknowledged that rate increases starting in Q2 of 2022 are a real possibility. This hawkish announcement drove negative returns for traditional long-only funds and with the FTSE Canada Bond Universe Index ended the month -1.05%.

New Issue volumes of \$11.2 billion in Canada were easily placed with continued strong demand while the U.S. market spreads drifted wider as \$120 billion of new issues had to be absorbed by the market. Star performers in Canada included energy on the back of strong oil price increases and REITs, largely due to H&R's significant spread tightening after its repositioning announcement.

In a change of pace, BBB only slightly outperformed A and AA rated bonds and the 3 year / 10 year credit curve steepened while the 10 year / 30 year curve was flatter. Swap spreads moved materially on the move higher in bond yields causing the Canadian market to look more attractive to issuers. This change all but guarantees a record new issue year as domestic banks are expected to issue in our home market and Maple issuers now have a much more cost-effective market to consider. We remain constructive near-term on market technicals of strong fund inflows, buoyant equity markets, and continued market liquidity.

Portfolio Managers



Seasoned

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



Accomplished

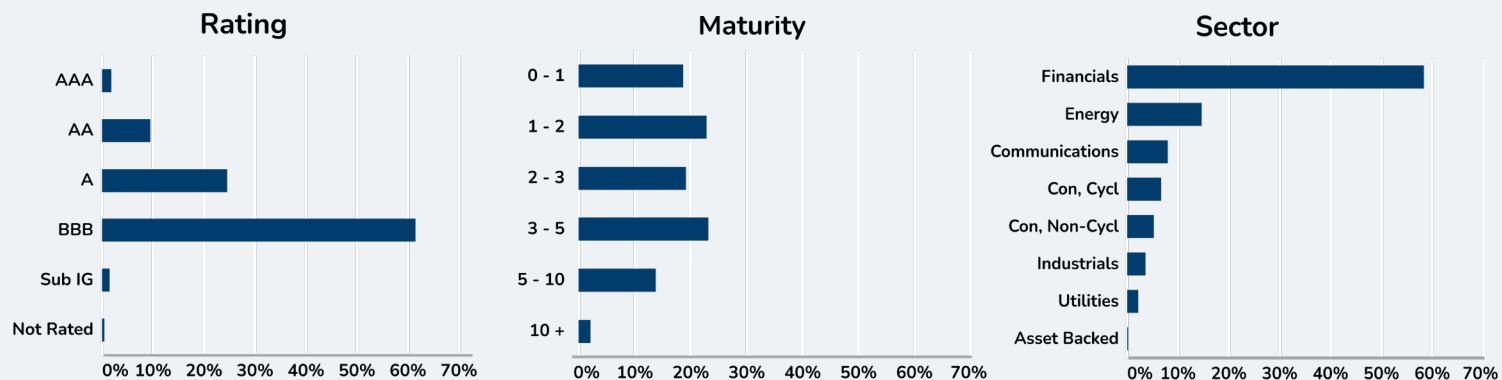
Former Head Corporate Traders at major Canadian dealers responsible for billions of at-risk capital



Conservative

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

Portfolio



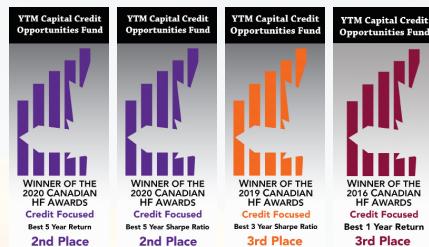
Monthly Net Performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2021	0.30	0.18	-0.05	0.29	0.22	0.18	0.18	0.20	0.34	0.27			2.14
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	Monthly	Distributions	Monthly (TA,TF) Quarterly (A,F)	YTM is a debt-focused manager established in 2010. It has more than \$500 million in AUM and is based in Oakville, Ontario.
Redemptions	30 days notice	Reg Plans	Yes	
Management fee	2.00% (A) 1.50% (F)	fundserv	YTM500 (A) YTM530 (TA) YTM530 (F) YTM540 (TF)	Kevin Foley kevin.foley@ytmcapital.com Gianni Markou gianni.markou@ytmcapital.com Art Sanchez art.sanchez@ytmcapital.com
Performance fee	15%, Highwater Mark			

YTM Capital



Benchmark = investment grade return less GOC return, each of the FTSE Bond. **FTSE Bond** = FTSE Canada Universe Bond Index. **S&P/TSX** = S&P/TSX Composite 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