



YTM

CAPITAL



YTM CAPITAL CREDIT OPPORTUNITIES FUND

WAISC SEPTEMBER 2018

DISCLAIMER

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*All Fund information is presented as at **August 31, 2018**. 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. For the purposes of calculating the Sharpe Ratio, the risk-free rate used was 91 day T-bills.*



YTM CAPITAL ASSET MANAGEMENT LTD.

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DEBT-FOCUSED ASSET MANAGER

- established in 2010; more than \$375 million assets under management

PARTNERS

- only team of former head corporate bond traders in Canada

COMMITTED AND ALIGNED

- partners hold substantial Fund investments on same terms as all investors

CONSERVATIVE RISK MANAGEMENT

- learned early in career it doesn't pay to make high risk/high return bets



INVESTMENT STRATEGIES

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- **FIXED INCOME REPLACEMENT**
- **LONG/SHORT CREDIT FUND**
- **INVEST IN CANADIAN INVESTMENT GRADE CORPORATE BONDS**
- **HEDGE ALL INTEREST RATE RISK**
- **3 STRATEGIES**
 1. **SHORT-TERM BONDS:** amplify spread with prudent leverage
 2. **NEW ISSUES:** buy at a discount to the secondary market
 3. **RELATIVE VALUE:** exploit trading opportunities



LEVERED SHORT-TERM INVESTING AND RISK

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Levered short-term bonds are *less risky* than unlevered long-term bonds

SECURITY	PRICE CHANGE*	PRICE CHANGE WITH 5X LEVERAGE	VOLATILITY VS. 5X LEVERED SHORT-TERM BOND
Bell Canada 5% 2017, hedged	0.32%	1.6%	-
Bell Canada 4.35% 2045, hedged	11.00%	-	6.9 times greater
BCE Common Equity	15.72%	-	9.8 times greater

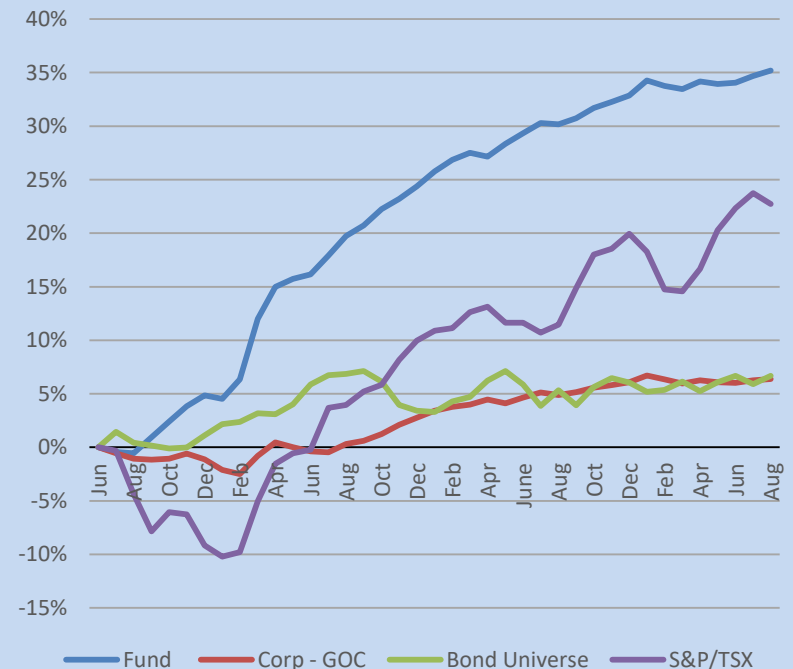
* For the 6 month period ending June 15, 2016

PERFORMANCE

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	Fund	Bench mark ¹	FTSE Canada Bond Universe
Annualized since inception	9.99%	1.97%	2.06%
Best month	5.33%	1.75%	1.77%
Worst month	- 0.43%	- 1.00%	- 2.07%
Correlation	<i>n/a</i>	0.69	- 0.10
Upside capture	<i>n/a</i>	209%	84%
Downside capture	<i>n/a</i>	- 84%	- 123%
Sharpe ratio	2.67	<i>n/a</i>	<i>n/a</i>

Net Returns Inception to Date



¹ Investment grade corporate return less Government of Canada return, each of the FTSE TMX Canada Universe Bond Index