ALGONQUIN

CAPITAL

Fixed Income 2.0

The evolution of fixed income.

> Algonquin Fixed Income 2.0 is a core corporate bond fund with engineered advantages that create a risk management and performance edge.

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The fund in a nutshell.

Our objective.

To help investors get more from their fixed income by using strategies that give us a greater ability to generate returns and manage downside risks.

The result is a core fixed-income product that seeks to outperform traditional bond funds.

Our method.

Enhanced Yield.

Rather than searching for yield in lower-quality securities (e.g., high-yield or emerging markets), we enhance the portfolio's yield through high-quality investment-grade credit.

Interest Rate Management.

We have the tools and expertise to manage and adapt our interest rate exposures more effectively than traditional bond funds.

Active Management & Tactical Trading.

We rotate our positions to be invested in the best risk/reward opportunities. We also seek excess returns through trading strategies that capitalize on market inefficiencies.

Our edge.

Engineered edge.

We utilize the tools available in the alternative mutual fund structure to engineer advantages. Our methodology gives us a greater ability to manage risk and generate excess returns.

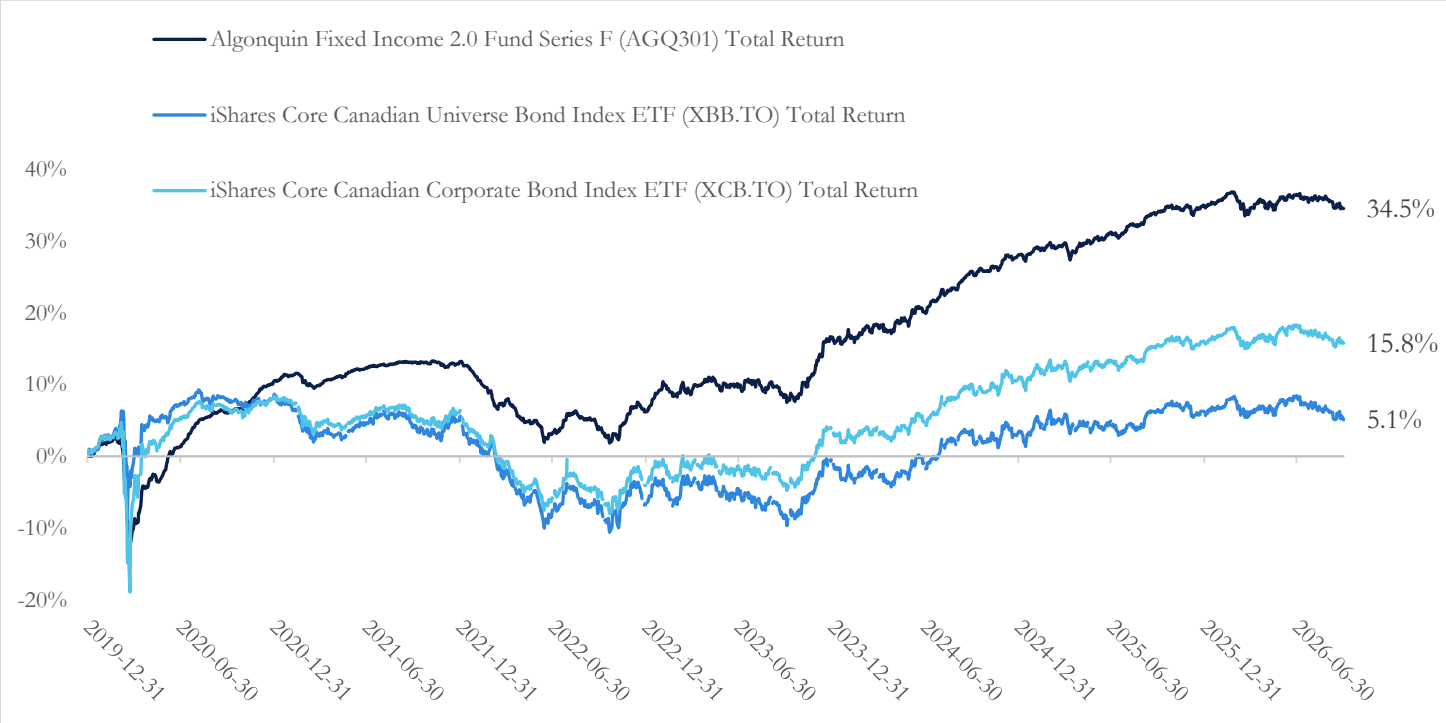
Expertise.

We employ the strategies we executed for decades in the banks and combine fixed-income experts with complementary skill sets.

Size.

The advantage of being smaller is two-fold: we can more nimbly adapt portfolio exposures and also have more opportunities to generate excess returns.

Our results.



	2020	2021	2022	2023	2024	2025
Algonquin Fixed Income Series F	10.53%	2.42%	-6.15%	9.75%	9.84%	5.23%
XBB – Cdn Universe Bond Index ETF	8.58%	-2.80%	-11.67%	6.64%	3.98%	2.59%
XCB- Cdn Corporate Bond Index ETF	8.35%	-1.81%	-9.79%	8.30%	6.72%	4.45%

	1-year	3-year	5-year	Since Inception	Volatility
Algonquin Fixed Income Series F	3.98%	7.46%	3.98%	4.47%	3.89%
XBB – Cdn Universe Bond Index ETF	3.32%	4.31%	0.70%	0.74%	7.29%
XCB- Cdn Corporate Bond Index ETF	4.33%	6.22%	2.27%	2.19%	8.36%

Since inception: December 2019. Source: YCharts for annual return. Source: Bloomberg for volatility. Source: YCharts for total returns. As of September 30, 2026. XBB refers to the iShares Core Canadian Universe Bond Index ETF, which tracks the performance of the broad Canadian investment-grade bond market. XCB refers to the iShares Core Canadian Corporate Bond Index ETF, which tracks the performance of Canadian investment-grade corporate bonds. They are presented for illustrative and comparative purposes only and are not benchmarks of the Fund. Their investment objectives, holdings, duration, credit quality, risk profile, fees, and portfolio construction differ materially from the Fund. Past performance is not indicative of future results.

Portfolio construction.

The layer cake

Core Portfolio.

We construct a core portfolio of corporate bonds based on where we see value in credit markets. We actively rotate our positions to be invested in the best opportunities.

Enhanced Yield.

We enhance the portfolio yield by adding a layer of high-quality, investment-grade credit. Thus generating more income and return potential without sacrificing quality.

Duration Management.

We adjust and manage the portfolio's interest rate exposure based on valuations across Canadian and US yield curves. Duration is typically managed between 2 - 6 years.

Tactical Trading.

We seek excess returns through trading strategies that capitalize on the inefficiencies within bond markets.

The core portfolio.

The core portfolio consists of long positions in North American corporate bonds based on valuations and opportunities in credit. Our advantage is the ability to isolate value in credit markets while managing the interest rate exposure separately.

Typical Core Portfolio.

- Positions across 30-50 issuers, based on fundamentals, technicals, and macro themes.
- Majority of the credit exposure will be concentrated in investment-grade bonds (80%+) with an average maturity of 4- 6 years.
- The portfolio is turned over frequently as existing positions are replaced with more promising opportunities.

The opportunities.

Examples of the types of opportunities we look for.

Improving credit quality

Issuers with improving credit fundamentals and potential rating upgrades (e.g., companies that are deleveraging).

Absolute value.

Credits that are cheap based on their fundamentals or rating, offering attractive yield and performance potential.

Relative value

Bonds that are cheap relative to comparable securities (e.g., price dislocations between related issuers, sectors, and markets).

Situational investing

Bonds with covenant language or structural considerations that make them likely to be redeemed early, tendered, or investors given consent fees.

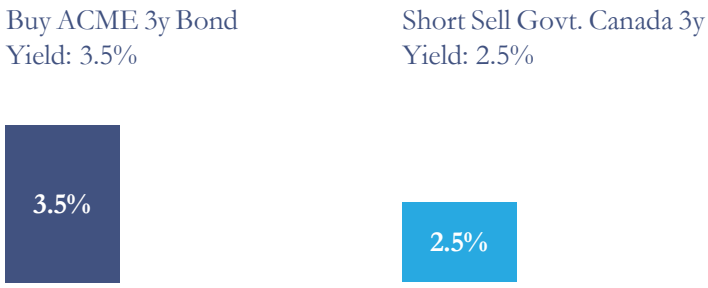
Thematic beta

Sectors or market segments that are undervalued on a historical or relative basis and where we anticipate strong credit performance.

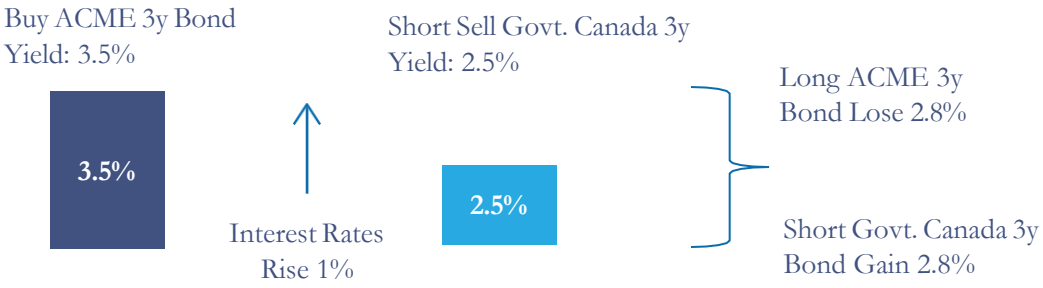
The enhanced yield.

On top of the core portfolio, we add a layer of exposure to investment-grade credit. This is done by pairing a corporate bond with a short position in a government bond. Thus, enhancing the portfolio yield without sacrificing quality, liquidity, or transparency.

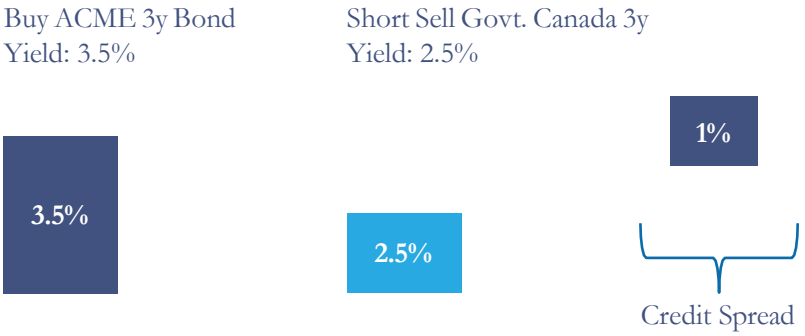
By pairing an investment-grade corporate bond with a short government bond position, we hedge the interest rate risk and isolate the credit exposure.



When rates move higher or lower the two positions offset each other.
So, if interest rates rise 1% the loss on the corporate bond would be offset by the gain on the short government position.



Having hedged the rate risk, the remaining exposure is the investment-grade credit spread. This is the excess yield above a government bond that a corporation pays its bondholders. Our thesis is that the credit spread of high-quality companies offers investors attractive compensation versus the underlying risks.



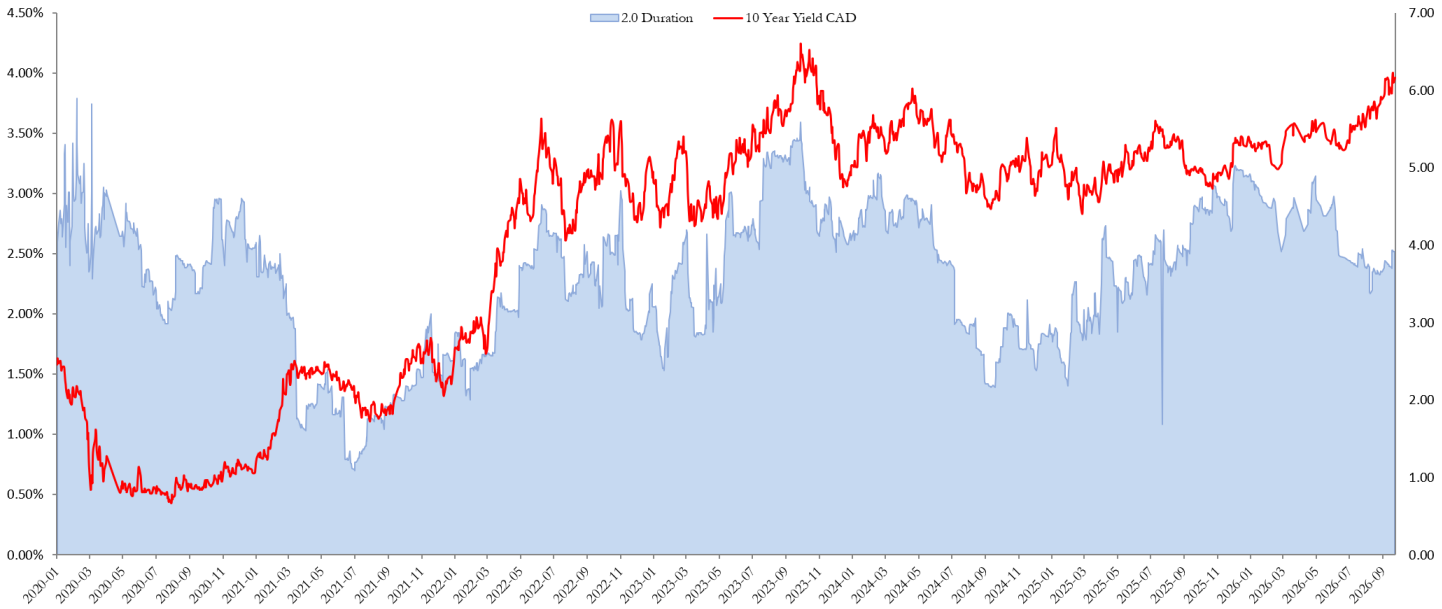
By applying modest leverage (1-2x) to the package, we can enhance the overall portfolio yield 1-3%. Thus, earning additional income through high-quality, liquid credit.

The duration management.

Traditional bond funds are limited in their ability to manage interest rate risk. We have both the tools and expertise to effectively manage and hedge our interest rate exposures.

- Duration typically managed between 2-6y
- More tools to adapt duration exposures effectively and efficiently. (e.g., futures)
- The ability to surgically manage exposures across the curve, based on valuations.

Interest rate duration and Canadian 10y interest rate.



As of September 30, 2026, Source Bloomberg 10 year yield Canada. Duration refers to Interest Rate Duration - the sensitivity of the portfolio of a 1 basis point change in interest rates, higher or lower 10-year.

The tactical trading.

We seek excess returns by capitalizing on the structural inefficiencies within bond markets.

The strategies.

Examples of the tactical trading strategies we execute.

Market Inefficiencies.

Capitalizing on the opaque nature of corporate bond markets, which creates temporary dislocations.

New Issues.

Generating excess returns through active participation in the new issue market.

Providing Liquidity.

Partnering with banks to provide liquidity to forced sellers and motivated buyers of securities.

Mandate Arbitrage.

Capitalizing on the mandates and restrictions of other market participants.

Hedging.

Employing various tools to hedge the portfolio during periods of market volatility.

Behavioural Biases.

Taking advantage of inefficiencies caused by market overreactions and investor biases.

Momentum.

Trades seeking to capture market and security specific momentum and technical opportunities.

Indexers.

Capitalizing on opportunities created by securities rolling in and out of bond indices.

The investment team.

Brian D'Costa, CFA, Founder, Chief Strategy and Risk Officer

MBA, Richard Ivey School of Business at the University of Western Ontario

BSc. Engineering Science, University of Toronto

- Member of the Bank of Canada Fixed Income Forum
- Former Global Head of Fixed Income and Rates for CIBC Capital Markets
- Former Captain of the Canadian Airborne Regiment
- Former Global Head of Vanilla Interest Rate Derivatives for TD Securities

Greg Jeffs, CFA, Founder, Chief Investment Officer

B.A. Economics, York University

- Former Executive Director of Credit Trading for CIBC World Markets
- 30 years of experience in the capital markets, with over 20 years as a corporate bond trader and market maker

Raj Tandon Founder, President

M.A. Pure Mathematics, Columbia University

BSc. Philosophy and Mathematics, London School of Economics

- Former Vice President of Credit Trading for TD Securities London
- Managed and traded multi-billion-dollar structured credit portfolios across North American and international markets

Alexander Schwiersch, CFA, Senior Portfolio Manager

B.Comm. (Honours) from the University of British Columbia

- Former Vice President and Portfolio Manager for Invesco
- Over 20 years of fixed-income experience as a Portfolio Manager and Credit Analyst with experience in both European and North American markets

Chris Wallbank, CFA, Senior Portfolio Manager

HBA, Econ & Fin Mgmt from Wilfrid Laurier University

- Former Portfolio Manager for Blair Franklin Asset Management/Gluskin Sheff & Associates
- Over 17 years of experience trading alternative credit and interest rate strategies

Riley Pan, CFA, MFin Associate Portfolio Manager

Master of Finance, Wilfrid Laurier University, Waterloo, ON

Bachelor of Finance, Nanjing Normal University, Jiangsu, China

- Former Executive Founding Member of the Wilfred Laurier's Graduate Student Investment Fund

The fund details.

Fund Type	Alternative Mutual Fund
Fund AUM	$739 Million
Firm AUM	$1.16 Billion
Eligibility	All Investors
RSP Eligible	Yes
Fund Codes	F Class: AGQ 301 A Class: AGQ 303
Min. initial	$1,000
Liquidity	Daily
Distributions	Quarterly
Avg. Credit Quality	Investment-Grade
Risk Rating	Low/Medium
Management Fee	F Class: 0.95% A Class: 1.45%
Performance fee	None
Launch Date	December 9, 2019

As of September 30, 2026

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