The 2.0 Quarterly *3rd Quarter, 2026*

ALGONQUIN CAPITAL

Interest rates.

	Jun. 30, 2026	*Sep. 30, 2026*	*Q3 moves*	*YTD moves*
CAD Overnight	2.25%	2.25%	0.00%	0.00%
CAD 2Y	2.75%	3.37%	0.62%	0.78%
CAD 10Y	3.38%	3.99%	0.62%	0.56%
CAD 30Y	3.77%	4.30%	0.52%	0.44%
US Fed Funds	3.63%	3.88%	0.25%	0.24%
US 2Y	4.18%	4.89%	0.71%	1.41%
US 10Y	4.47%	5.29%	0.82%	1.12%
US 30Y	4.95%	5.63%	0.68%	0.79%

Q3 was characterized by rising interest rates as fears that higher energy costs, tariffs, and AI spending would keep inflation elevated and force central bankers to hike rates.

- The Fed stepped off the sidelines in September to deliver a 25 bps hike. Investors worried that this was the first in a string of hikes, with the market pricing in almost 4 more over the next 12 months.
- The Bank of Canada held rates steady, but inflation concerns and the gravitational pull of the US market pushed yields higher, reflecting expectations of 4.5 hikes by next fall.
- The Q3 rate move has pushed long-end yields to levels not seen in over two decades.

Credit.

	Jun. 30, 2026	*Sep. 30, 2026*	*Q3 moves*	*YTD moves*
CAD IG	87 bps	86 bps	–1 bps	2 bps
US IG	74 bps	80 bps	6 bps	2 bps
US HY	297 bps	333 bps	36 bps	41 bps

In credit markets, the 2026 story remains one of supply. The domestic market saw $44 bn in new deals over the quarter, bringing the YTD total to $164 bn, which set an annual record with a quarter still to go. Despite the flood of supply, investment-grade credit spreads were resilient, as higher all-in yields attracted investors and drove demand.

The fund.

The rate market was not kind to fixed-income funds, with the Canadian Universe Bond Index down over 3% in Q3. We defended better than most, with the portfolio yield, active trading, and duration management offsetting some of the losses from the sharp move higher in rates. With the Canadian market pricing in over 4 hikes in 12 months, we used yield selloffs to add duration.

- F Class Returns Q3: –1.42% YTD: –0.17%

The 2.0 Quarterly *3rd Quarter, 2026*

ALGONQUIN CAPITAL

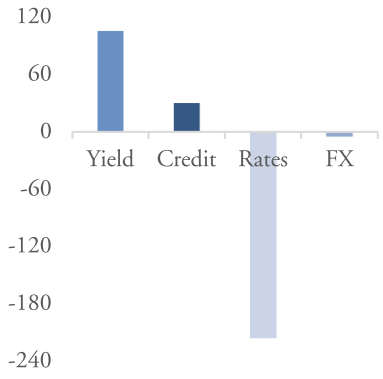
Fund performance. *All data as at September 30, 2026.*

Returns *(F Class)*

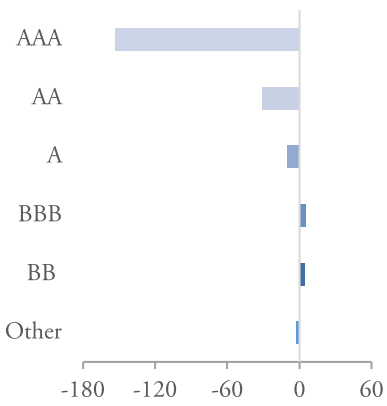
1 month	3 month	6 month	YTD	1 year	2020	2021	2022	2023	2024	2025
-0.93%	-1.42%	-0.06%	-0.17%	0.41%	10.53%	2.42%	-6.15%	9.75%	9.84%	5.23%

Return attribution *(basis points)*

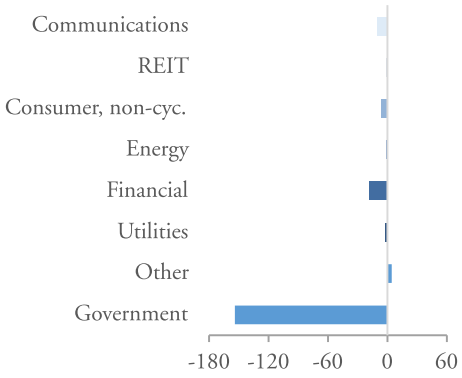
by Factor



by Rating

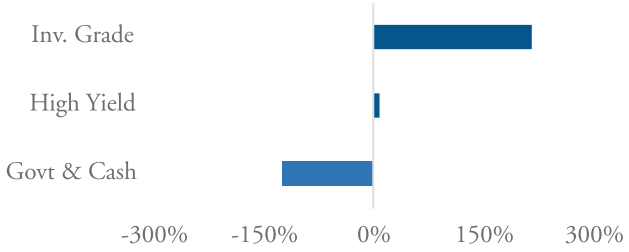


by Industry



Portfolio summary. *All data as at September 30, 2026.*

Portfolio Breakdown *(net exposures)*



Key Metrics

Portfolio Yield	Interest Rate Duration	Average Term	CR01	Leverage
5.4%	3.9yrs	2.4yrs	4.8bps	2.2x

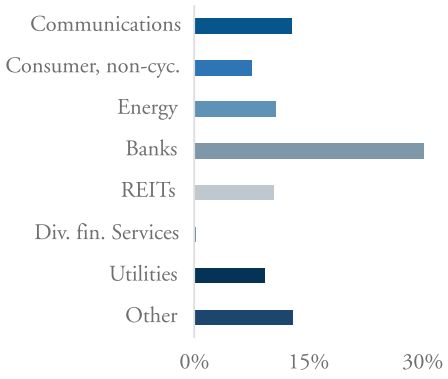
Portfolio Yield is the weighted average yield to maturity net of borrow costs and adjusted to account for the implied yield from interest rate futures positions; IR Duration is an estimate of portfolio sensitivity to 1% change in interest rates; Average Term is weighted average term to maturity of long positions; CR01 is an estimate of portfolio sensitivity for a one basis point change in credit spreads across all credit positions; Leverage based on short positions and borrowed cash as per National Instrument 81-102.

The 2.0 Quarterly *3rd Quarter, 2026*

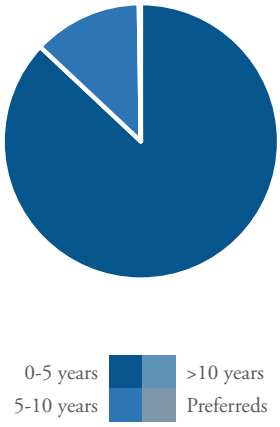
ALGONQUIN CAPITAL

Long Exposures

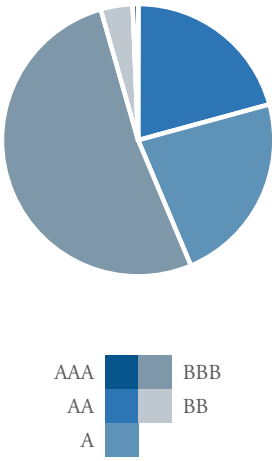
by Industry



by Term



by Rating



Top 10 Holdings

BNS 3.934 *05/03/32*	**Enbridge** FRN *02/25/28*
Rogers 5 *12/17/2081*	**Capital Power** 5.378 *01/25/27*
Rogers 3.65 *03/31/27*	**Tourmaline** 4.856 *05/30/27*
Videotron 4 1/2 *01/15/30*	**Chartwell** 6 *12/08/26*
National Bank 3.308 *08/15/28*	**Fed Caisses Desjardins** 5.035 *08/23/32*

The information provided in this document is not investment or financial product advice and is not intended to be used as the basis for making an investment decision. This document is not, and does not constitute, an offer to sell or the solicitation, invitation or recommendation to purchase any securities. The information provided may be subject to change and Algonquin does not undertake any obligation to announce updates or changes to the information presented in this document. Algonquin Fixed Income 2.0 Fund is an Alternative Mutual Fund. Investors should read the Simplified Prospectus, Annual Information Form, and Fund Facts Documents and consult their registered investment dealer before making an investment decision. Commissions, trailing commissions, management fees and operating expenses all may be associated with mutual fund investments. An Alternative Mutual Fund is not guaranteed, its value changes frequently and its past performance is not indicative of future performance and may not be repeated. Payment of quarterly distributions is not guaranteed and paid at the discretion of the manager, therefore, it may vary from period to period and does not infer fund performance or rate of return.
The FTSE TMX Canada All Corporate Index ("CACI") is a benchmark index of Canadian Dollar corporate bonds published monthly by FTSE TMX Global Debt Capital Markets. Similar to the CACI, the Fund's investment portfolio is comprised mainly of Canadian Dollar corporate bonds, however, compared with the CACI, the Fund has relatively less exposure to interest rate risk. The CACI is presented here to allow investors to compare the Fund's performance to that of the broader corporate bond market. The CACI is not used as a performance benchmark by the Fund.
The FTSE TMX Canada Universe Bond Index ("CUBI") is a benchmark index of Canadian Dollar bonds published monthly by FTSE TMX Global Debt Capital Markets. Similar to the CUBI, the Fund's investment portfolio is comprised mainly of Canadian Dollar corporate bonds, however, compared with the CUBI, the Fund has relatively less exposure to interest rate risk. The CUBI is presented here to allow investors to compare the Fund's performance to that of the broader corporate bond market. The CUBI is not used as a performance benchmark by the Fund.