

Interest Rates.

The third quarter was a tale of two halves. Through the first half, interest rates declined, with the Canadian 10y trading as low as 1.13%. The second half saw rates march higher with a sharp rise into quarter-end, as the 10y finished at 1.51%.

- Canadian 5y interest rates finished up 14 bps at 1.11%, and the 10y rose 11 bps to 1.51%
- US 5y Treasury yields rose 11 bps to 0.98%, while the 10y was 7 bps higher to finish at 1.52%

With central bankers around the globe scaling back monetary stimulus and acknowledging inflation has hit their radar, the momentum has shifted towards yields drifting higher.

Credit.

Despite volatile interest rate and equity markets, credit remained resilient and steady, with spreads continuing to trade in a narrow range. Any bouts of weakness were promptly met with buyers looking to add corporate credit (at increasingly attractive all-in yields).

- Canadian spreads tightened 2 bps to finish at 105 bps
- US spreads widened 4 bps to finish at 84 bps

The Fund.

Through the quarter, the Fund was able to squeeze out excess returns from credit markets and preserve capital amidst rising rates.

- F Class Returns: Q3 2021: **0.69%** | YTD: 2.30% | 2020: **10.53%**

The Fund's interest rate duration continues to be actively managed around 2 years, with tactical positions along the curve.

During the quarter, overall credit exposures were trimmed to free up more dry powder for new issues and to deploy capital should markets sell-off. The preferred share exposure declined considerably as various issues were called and the opportunity set in prefs has narrowed. These positions were replaced with select BBB and convertible bonds, as the Fund remains concentrated in investment-grade credit.

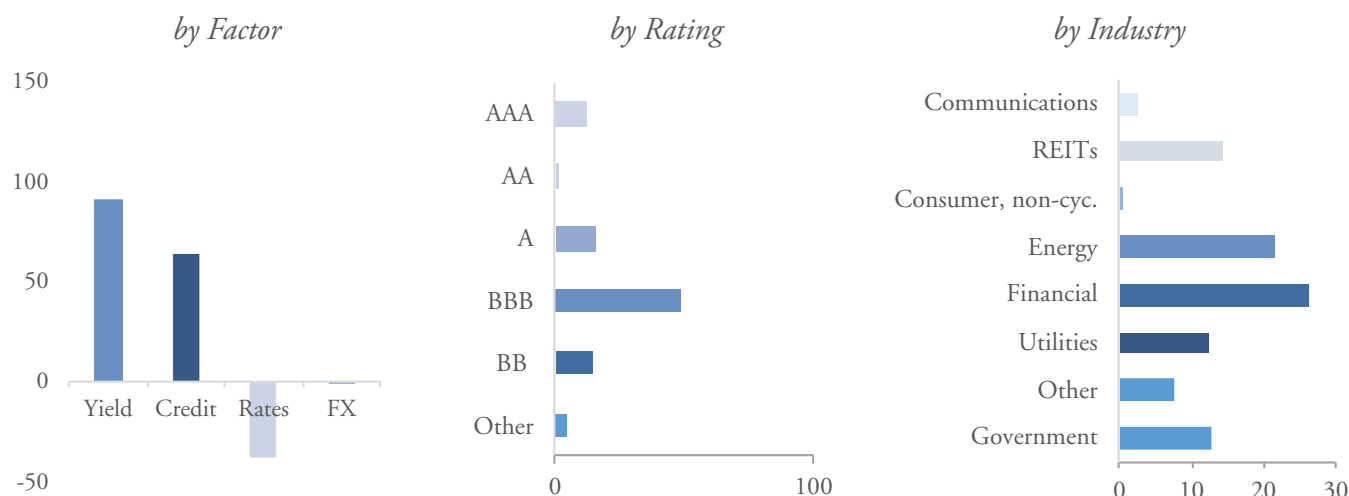
- With domestic credit trading 20 bps cheap relative to the US, we trimmed positions south of the border and increased our Canadian exposure.
- Our exposures are focused in the sectors and issues where we see pockets of value i.e. energy infrastructure, telecommunications, select REIT issuers, and bank LRCNs.
- The gross long exposures are over 90% investment-grade with an average term to maturity of 4 years.

Fund performance. *All data as at September 30, 2021*

Returns (F Class)

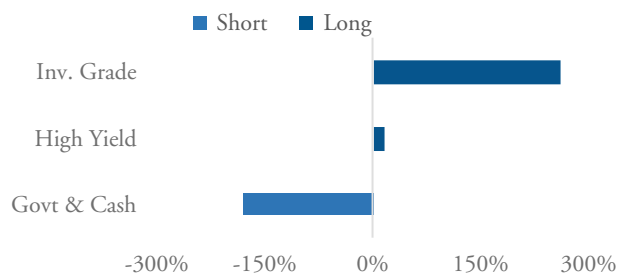
1 month	3 month	6 month	YTD	1 year	2020
0.05%	0.69%	2.85%	2.30%	6.62%	10.53%

Return attribution (*basis points*)



Portfolio summary. *All data as at September 30, 2021*

Portfolio Breakdown (*net exposures*)

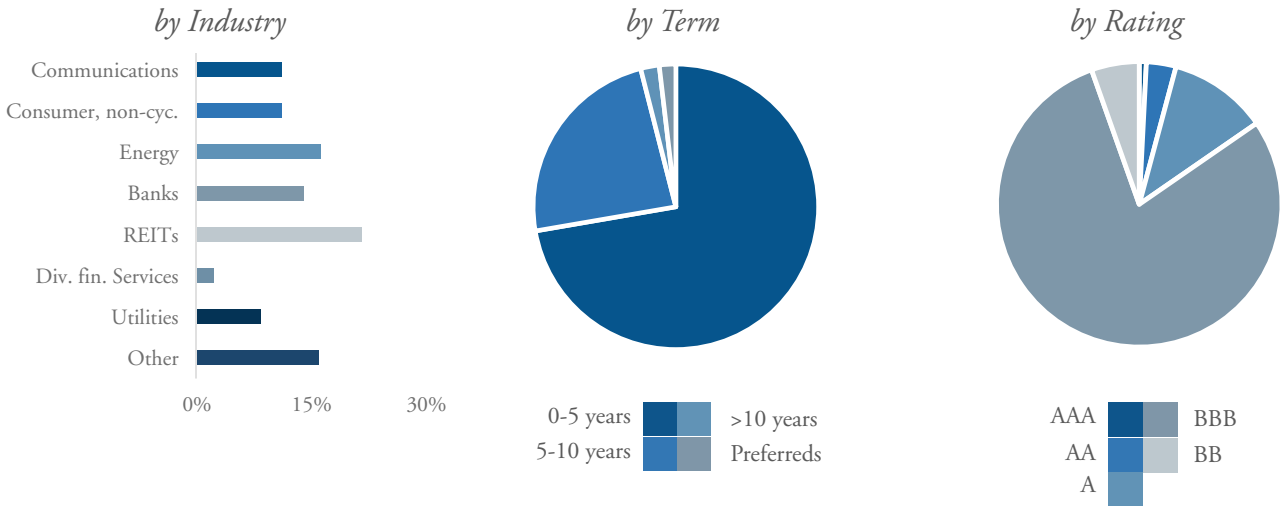


Key Metrics

Portfolio Yield	Interest Rate Duration	Average Term	CR01	Leverage
3.3%	2.0yrs	4.0yrs	9.2bps	1.8x

Portfolio Yield is the weighted average aggregate yield net of borrow cost; 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.

Long Exposures



Top 10 Holdings

EMPACN 4.7 08/08/23

ENB CCP 0 10/12/21

TACN 4 1/2 11/15/22

ALACN 2.609 12/16/22

CRRUCN 4.066 11/21/22

CSHU 4.211 04/28/25

TCLACN 2.28 07/13/26

GEICN 2.45 07/14/25

FFHCN 4.7 12/16/26

CHPUCN 4.178 03/08/28

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