The 2.0 Quarterly *1st Quarter, 2023*

The first quarter.

Through the first quarter, the Fund benefitted from a strong portfolio yield (7-8%) and the active duration management, while the sell-off in credit detracted from the overall performance.

- F Class Returns: Q1: 2.77%; 2022: -6.15%, 2021: 2.42%; 2020: 10.53%

Interest rates.

Those hoping for a calmer bond market in 2023 were sorely disappointed, as rate expectations swung from one extreme to the next and back.

- In January, the consensus view was that higher rates would slow the economy, causing inflation to fall, and the market priced in two cuts from the Bank of Canada (BoC) before year-end.
- In February we got the first set of 2023 economic data, and the numbers told a rather different story. Employment crushed expectations and while inflation was coming down, the pace of the decline was less than was anticipated (or hoped for). Expectations shifted from two cuts to a further hike from the BoC.
- In March, the trouble in the banking sector saw investors revert to betting that rate cuts were around the corner and back to expecting two in 2023.

Over the quarter:

- Canadian 2y finished at 3.73% (-32 bps) and the 10y at 2.90% (-40 bps)
- US 2y finished at 4.03% (-40 bps) and the 10y at 3.47% (-41 bps)

We continue to dynamically manage the Fund's duration between 2-6y, to capitalize on the rate volatility.

Credit.

The year began on a positive note with credit rallying through January and February. But in March, the optimism quickly turned to fear, with the three bank runs inciting concerns about the stability of the financial system. Spreads reversed course, undoing the rally, and finishing the quarter higher.

Over the quarter:

- Canadian investment-grade spreads widened 5 bps to 167 bps
- US investment-grade spreads widened 8 bps to 138 bps

We remain focused on higher quality issues (avg A-) with the ability to withstand a prolonged economic slowdown. Not only do these companies provide security amidst the economic uncertainty, but at current spread levels, they also offer a decent recession premium (especially relative to high yield).

ALGONQUIN CAPITAL

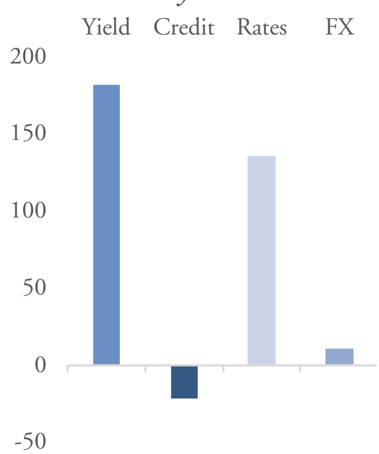
Fund performance. *All data as at March 31, 2023*

Returns *(F Class)*

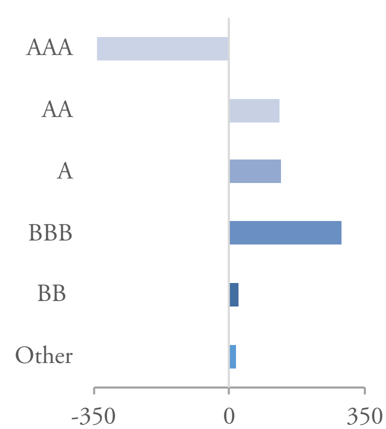
1 month	3 month	6 month	YTD	1 year	2020	2021	2022
0.48%	2.77%	5.23%	2.77%	1.22%	10.53%	2.42%	-6.15%

Return attribution *(basis points)*

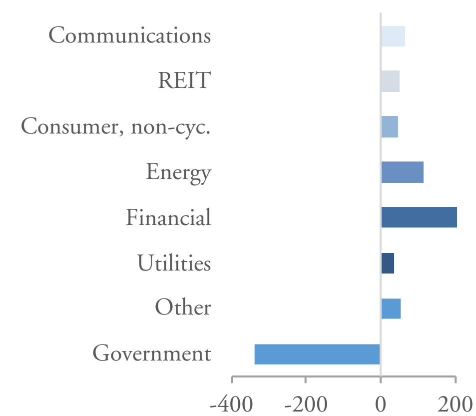
by Factor



by Rating

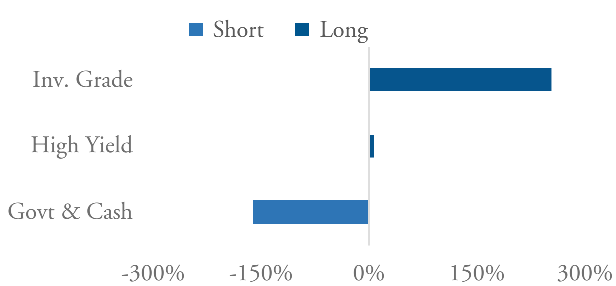


by Industry



Portfolio summary. *All data as at March 31, 2023*

Portfolio Breakdown *(net exposures)*



Key Metrics

Portfolio Yield	Interest Rate Duration	Average Term	CR01	Leverage
7.0%	2.9yrs	3.1yrs	7.1bps	1.9x

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.

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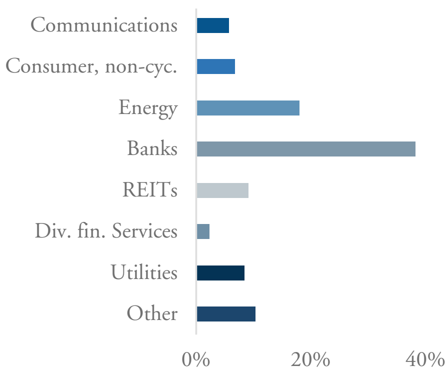
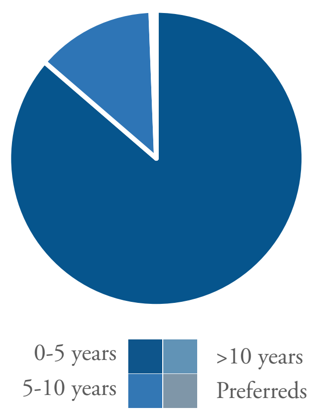
Long Exposures

by Industry



by Term



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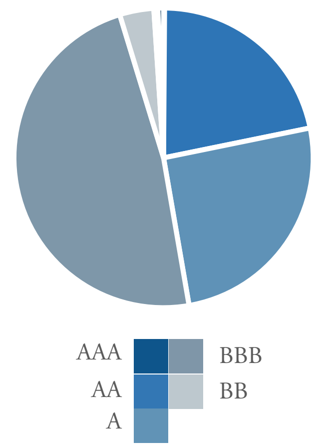

Top 10 Holdings

ENB CCP 0 *04/10/23*	**TRPCN** 3.3 *07/17/25*
ENMAXC CCP 0 *04/14/23*	**BMO** 3.65 *04/10/27*
ENMAXC CCP 0 *04/26/23*	**CIXCN** 3.215 *07/22/24*
HSBC 1.782 *05/20/2*	**CCDJ** 5.035 *08/23/32*
CCDJ 1.093 *01/21/26*	**BNS** 1.95 *01/10/25*