

The year-end edition.

The Fund had a phenomenal fourth quarter (7.32%) to cap off a solid year, with a 2023 return of 9.75%.

- F Class Returns: Q4: 7.32%; 2023: 9.75%

The Fund's significant outperformance over traditional fixed-income products was driven by three main factors.

- The enhanced portfolio yield gave us an advantageous starting point.
- The selection and management of credit positions and exposures.
- The ability to capitalize on interest rate volatility through active duration management.

Interest rates.

The dominant macro theme in 2023 was interest rates, as investors tried to anticipate the next move from the central banks. In the end, rates traded in a wild 1.5% range to finish the year only modestly lower, and in some cases unchanged (US 10y)

Over the quarter and year:

- Canadian 2y finished at 3.89% (Q4:-98 bps; 2023: -17 bps) and the 10y at 3.11% (Q4:-91 bps; 2023: -19 bps)
- US 2y finished at 4.25% (Q4:-80 bps; 2023: -18 bps) and the 10y at 3.88% (Q4:-69 bps; 2023: 0 bps)

Credit.

After widening through the March banking madness, credit spreads spent most of 2023 grinding tighter before rallying into year-end.

Over the quarter and year:

- Canadian investment-grade spreads tightened 18bps in Q4 and 30bps in 2023 to finish the year at 132 bps
- US investment-grade spreads tightened 22bps in Q4 and 31bps in 2023 to end the year at 99 bps
- High yield spreads tightened 66 bps in Q4 and 142 bps in 2023 to finish the year at 346 bps

Looking ahead.

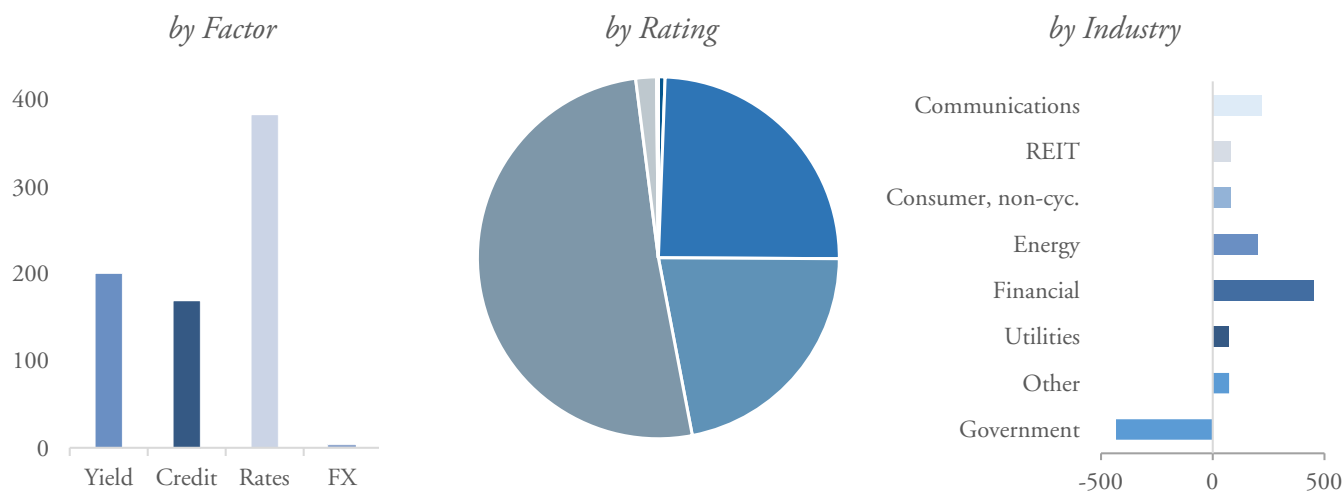
With a portfolio yield of 6 - 7%, we begin 2024 in a solid position. Furthermore, our duration management tools should provide us with a unique edge in navigating rate markets in the year ahead. And in terms of credit, we continue to favour high-quality Canadian issuers which are trading cheap on a historical basis and relative to the US and high-yield markets.

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

Returns (F Class)

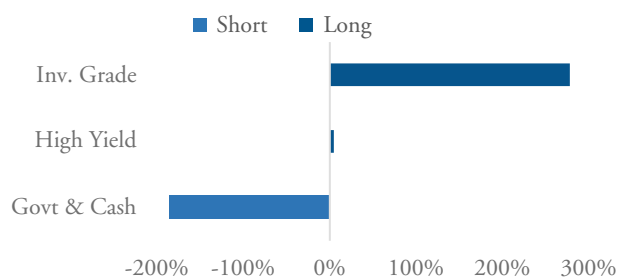
1 month	3 month	6 month	YTD	1 year	2020	2021	2022
3.49%	7.32%	6.02%	9.75%	9.75%	10.53%	2.42%	-6.15%

Return attribution (basis points)



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

Portfolio Breakdown (net exposures)

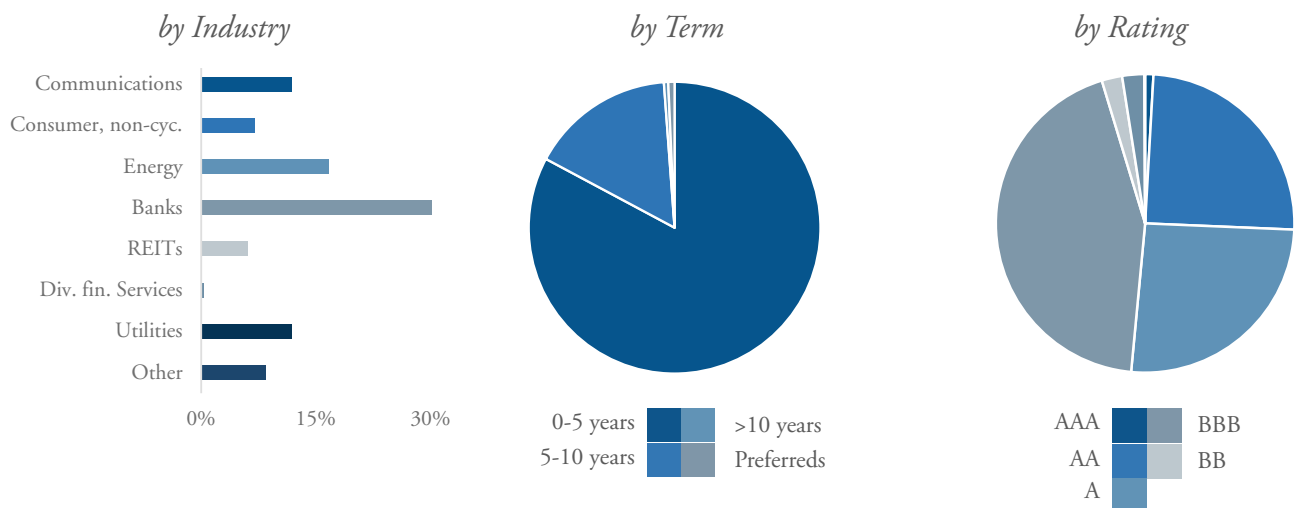


Key Metrics

Portfolio Yield	Interest Rate Duration	Average Term	CR01	Leverage
6.2%	4.0 yrs	2.8 yrs	6.8 bps	2.2x

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

NOSCCN CCP 0 01/03/24

ENB CCP 0 01/05/24

ENMAXC CCP 0 01/05/24

RLNCE 3.836 03/15/25

NOSCCN CCP 0 01/08/24

ENB CCP 0 01/09/24

WFC 2.568 05/01/26

HSBC 1.782 05/20/26

ENMAXC CCP 0 01/26/24

CM 2.25 01/04/27

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