

The quarter began with the unveiling of ‘liberation day’ tariffs and the ensuing sell-off. But as tariffs were paused, fear gave way to hope, fueling a remarkable market recovery. The bond market was not immune to the volatility, with US 10y rates trading between 3.86% and 4.59% before settling into a narrower range.

Interest rates.

	<i>Mar. 31, 2025</i>	<i>Jun. 30, 2025</i>	<i>Q2 moves</i>	<i>YTD moves</i>
<i>CAD 2Y</i>	2.46%	2.59%	0.13%	-0.34%
<i>CAD 10Y</i>	2.97%	3.27%	0.30%	0.05%
<i>US 2Y</i>	3.89%	3.72%	-0.17%	-0.52%
<i>US 10Y</i>	4.21%	4.23%	0.02%	-0.34%

- Over the quarter, the US market priced in another cut for next year, shifting expectations from four cuts to five by the end of 2026. This led to short-end rates (i.e., 2-5y) falling 17-18 bps.
- In Canada, yields moved in the opposite direction. Optimism around trade negotiations and fiscal stimulus shifted expectations from two more cuts this year towards one and done.
- On both sides of the border, yield curves steepened as markets grappled with determining the appropriate level for long-end rates (i.e., 10y+) amidst concerns about inflation and deficit spending.

Credit.

	<i>Mar. 31, 2025</i>	<i>Jun. 30, 2025</i>	<i>Q2 moves</i>	<i>YTD moves</i>
<i>CAD IG</i>	113 bps	97 bps	-16 bps	-2 bps
<i>US IG</i>	94 bps	83 bps	-11 bps	3 bps
<i>US HY</i>	374 bps	323 bps	-51 bps	10 bps

- The post-liberation day sell-off saw domestic investment-grade spreads widen by 20-30 bps, with some sectors (i.e., autos) getting hit harder.
- Thereafter, credit participated in the broad market rally with IG spreads finishing the quarter 10-15 bps lower and HY over 50 bps tighter.
- Even the record-breaking amount of supply in May and June couldn’t stop the rally in credit, as demand for corporate bonds was robust

The fund.

With credit spreads flirting with historical lows, we maintained a conservative risk posture, focusing on active trading and idiosyncratic opportunities. In terms of rate exposure, the duration was actively managed in a range of 2.85-4.25y. Over the quarter, the yield earned and gains from credit trading offset the losses from rising Canadian rates.

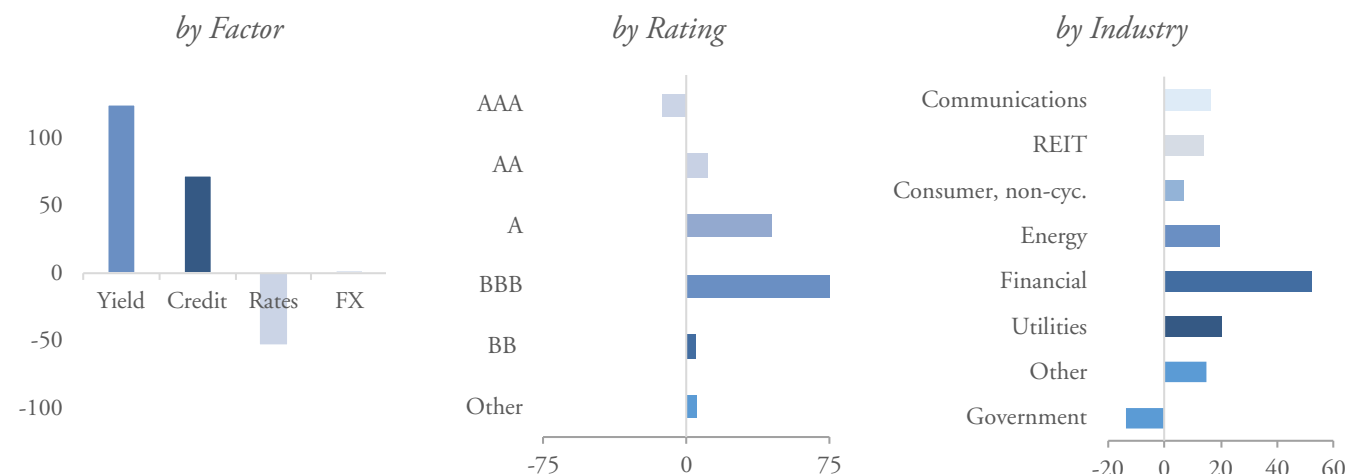
- Q2 F Class Returns: 1.29%; YTD: 2.49%

Fund performance. *All data as at June 30, 2025*

Returns (F Class)

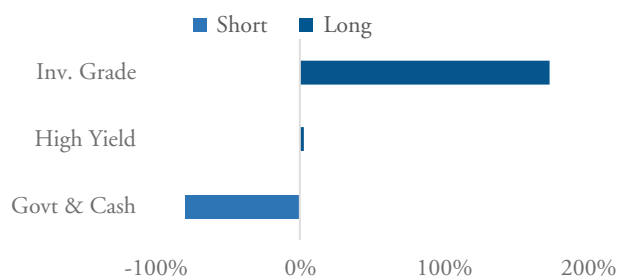
1 month	3 month	6 month	YTD	1 year	2020	2021	2022	2023	2024
0.62%	1.29%	2.49%	2.49%	9.27%	10.53%	2.42%	-6.15%	9.75%	9.84%

Return attribution (basis points)



Portfolio summary. *All data as at June 30, 2025*

Portfolio Breakdown (net exposures)

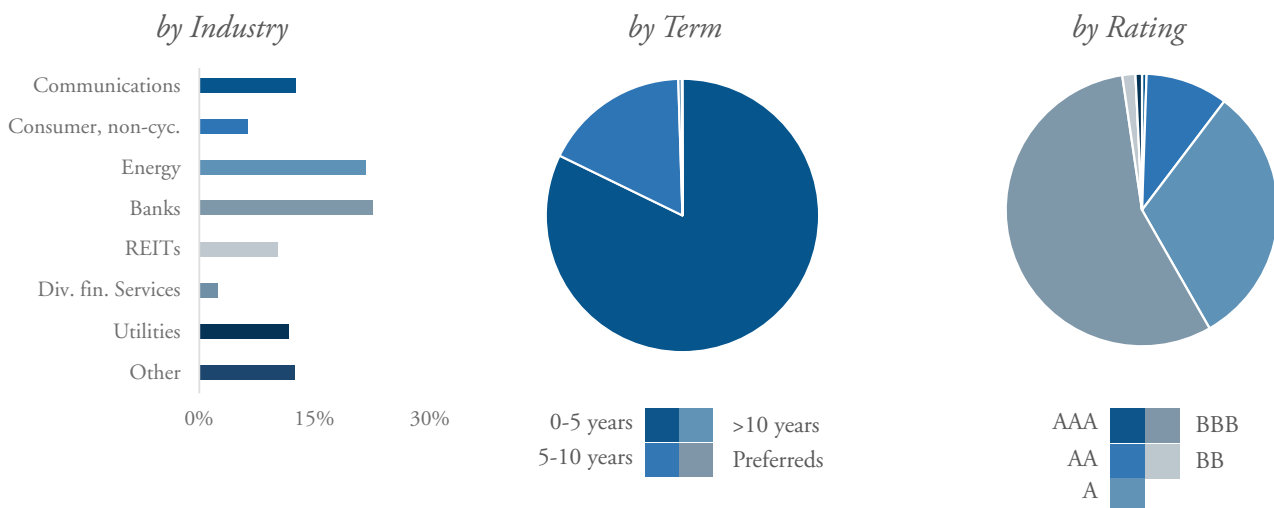


Key Metrics

Portfolio Yield	Interest Rate Duration	Average Term	CR01	Leverage
4.1%	3.4yrs	3.1yrs	4.7bps	1.7x

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

Videotron 4.5 01/15/30

Videotron 4.65 07/15/29

Honda FRN 06/29/26

Enbridge 0 07/18/25

Enbridge 0 08/01/25

Rogers 3.65 03/31/27

Tourmaline 0 07/23/25

AltaGas 4.12 04/07/26

Fed Caisses Desjardins 4.264 01/24/35

CIBC 3.9 06/20/31

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