The Holiday Spirit | November 2025

"We make a living by what we get, but we make a life by what we give."
Winston Churchill

In the spirit of the holiday season, we interrupt your regularly scheduled programming to shed light on an important issue and the focus of our charitable giving. As a firm, one of our core beliefs and objectives is helping Canadians in particularly vulnerable and difficult situations.

When it comes to difficult and vulnerable circumstances, it is hard to imagine a worse fate than being a victim of human trafficking. Sadly, this is a reality for thousands of Canadians, in one of the country's fastest-growing crimes. A trend that is expected to be exacerbated with Canada co-hosting the 2026 FIFA World Cup.

The hidden nature of the crime makes it challenging to identify victims. This, combined with the inability and reluctance of many survivors to report to the police, makes it difficult to understand and quantify the extent and scale of exploitation in Canada.

Based on the available statistics, ~95% of victims and survivors are women and girls, with two-thirds under the age of 25, and a quarter of reported incidents involving girls under 18. In many cases, there are also intersecting vulnerabilities, including prior childhood abuse, poverty, involvement in the child welfare system, homelessness, and coerced debt.

In exploring these problems with frontline workers, one of the biggest gaps and opportunities we identified was in the healthcare system. Not only were victims and survivors receiving inadequate care based on their complex needs, but it also represented a missed opportunity for intervention.

It is estimated that 88% of sex-trafficked women and adolescents have contact with a health care provider at least once during their exploitation. Often, these interactions are the only time they are briefly away from their traffickers, creating a critical but frequently missed opportunity for intervention.

To address this gap, last year we partnered with the Anti-Human Trafficking Division of Victim Services to fund the launch of Care Without Limits: Survivor Healthcare Network.

Over the past twelve months, the program has coordinated a network of 13 partner agencies, including community health centres, hospital clinics, mental health programs, and a mobile bus unit, to build a shared, trauma-informed response to human trafficking. Most importantly, the initiatives and progress have been guided by Survivor Peer Advisors, with lived experience of trafficking, ensuring the program reflects the needs of victims and survivors.

Based on the program's initial success and to capitalize on the momentum, we are continuing our partnership with Care Without Limits into 2026. We hope that with our continued support, the program can deepen and broaden its impact in creating a sustainable cross-sector network to provide coordinated, trauma-informed healthcare for victims and survivors of human trafficking.

The purpose of sharing this information is to create awareness of both the problem and the solutions that agencies like Victim Services are implementing to end the cycle of human trafficking and to ensure that no victim is alone. To learn more and explore how you can support this important initiative, we encourage you to visit: Human Trafficking Prevention & Intervention.

The Month of November

Credit.

It was another busy month on the supply side, with $13.2 bn of new deals coming to the domestic market. The November issuance brought the YTD total to $141 bn, setting a new annual record with one month still left.

Through the first half of the month, spreads sold off amid heavy supply and the general risk-off tone. As sentiment improved and the new issues were digested, investment-grade spreads rallied into month-end, to finish a couple of bps wider. Digging further into the domestic market, infrastructure/transportation, autos, and utilities outperformed, tightening by 2-3 bps, while financials and insurers underperformed, widening by ~3 bps.

November also saw the continuation and growth of the credit market's concern over the funding requirements for the AI buildout (i.e., data centres). Oracle's CDS, the poster child for hedging this exposure, widened from 80 bps to 127 bps over the month. In September, the spread was trading at 45 bps.

Investment-grade credit spreads:

- Canadian spreads widened 2 bps to 89 bps.
- US spreads widened 2 bps to 80 bps.

Interest Rates.

With the Bank of Canada indicating it is on hold for the foreseeable future, domestic rates traded in a narrow 10 bps range and finished the month 1-3 bps higher.

South of the border, there was a shift in the Federal Reserve's messaging. Following the October rate cut, Chairman Powell indicated that a December cut was 'not a foregone conclusion' and 'far from it'. But over the past couple of weeks, the rhetoric from the Fed governors has tilted towards delivering another cut before the year is out.

The combination of the shift in 'Fedspeak' and the promise of a dovish Chairperson next year led US rates to rally into month-end. Through November, the odds of a December cut shifted from two-thirds to ~90%.

- Canadian 2y finished at 2.42% (+2 bps) and the 10y at 3.15% (+3 bps)
- US 2y finished at 3.49% (-8 bps) and the 10y at 4.02% (-6 bps)

The Funds.

Algonquin Debt Strategies Fund.

The losses from the credit spread widening were more than offset by the yield earned and profits from active management and tactical trading.

Portfolio Metrics:

- 4-6% yield
- Average credit rating: BBB+
- Average maturity: 2.2y
- IR Duration: 1.2y

	1M	3M	6M	YTD	1Y	3Y	5Y	10y	SI
X Class	0.14%	1.15%	2.77%	3.95%	4.58%	9.23%	5.85%	7.33%	8.12%
F Class	0.09%	0.97%	2.36%	3.26%	3.81%	8.12%	4.98%	NA	NA

* As of November 30th, 2025

The Algonquin Debt Strategies Fund LP was launched on February 2, 2015. Returns are shown on 'Series 1 X Founder's Class' since inception and for 'Series 1 F Class' since May 1st, 2016, and are based on NAVs in Canadian dollars as calculated by SGGG Fund Services Inc. net of all fees and expenses. For periods greater than one year, returns are annualized.

Algonquin Fixed Income 2.0

Based on the Fund's positioning, the modest moves in credit and rates had a minimal impact on returns, with the majority of the gain driven by portfolio yield and active trading.

Portfolio Metrics:

- 3.5-4.5% yield
- Average credit rating: BBB+
- Average maturity: 2.7y
- IR Duration: 4.3y

	1M	3M	6M	YTD	1Y	2y	3y	5y	SI
F Class	0.23%	1.81%	3.46%	5.38%	6.03%	9.45%	8.30%	4.37%	5.17%

* As of November 30th, 2025

Algonquin Fixed Income 2.0 Fund is an Alternative Mutual Fund and was launched on December 9, 2019. Returns are shown for Class F since inception and are based on NAVs in Canadian dollars as calculated by SGGG Fund Services Inc., net of all fees and expenses. 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.

Looking Ahead.

December is often a tricky month, as bond markets can be buffeted by portfolio rebalancing (especially when equities are up 15-25%), in addition to the typical 'bond nerd' stuff like economic data and central bank meetings. Daily moves can be exaggerated towards the end of the month as liquidity wanes in thin markets.

The Bank of Canada has strongly hinted that they are done lowering rates. With recent data suggesting the worst news is behind us, we expect Governor Macklem and Co. to take a victory lap at Wednesday's meeting. The bond market, on the other hand, is toying with the notion that the next move will be a hike in the fall of

2026. Of course, between now and then, there is still a lot of economic data to come, as well as CUSMA renegotiations. As such, it should not come as a surprise if traders shift expectations to a cut being the next move.

The Federal Reserve is widely expected to deliver a 25 bps cut on Wednesday (market odds are 93%. Thus, the only potential market-moving event will be Chairman Powell's press conference. Although we expect him to stick to the 'Fed is data dependent' story, there is always a chance that he changes the script.

Corporate issuance is typically heavy in the first half of December as issuers rush to complete last-minute deals before the holiday season. The flurry of new deals can widen spreads by a few bps, but the usual pattern is for this widening to reverse over the latter half of the month.

Given the defensive positioning of our portfolios, we look forward to seeing what opportunities December brings our way.

Contact

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