

High Yield Bonds

Inception Date February 1, 2014	Performance Benchmark BofA ML US HY BB/B Constrained Index (Hedged in CAD)	Currency CAD
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Strategy Description

Through a combination of top-down and bottom-up analysis, our High Yield Bond approach relies on a tactical multi-strategy style whereby portfolio positioning across the credit spectrum, detailed security analysis as well as active duration management all constitute opportunities for generating value. Our approach to high yield security selection is conservative and prudent and focuses on companies that possess strong assets, are run by an experienced management team with a track record of success, and offer a superior level of liquidity.

Highlights

Style	Active, multi-strategy
Process	Combination of fundamental and top-down analysis
Expected sources of added value	55% Sector/Quality Allocation 30% Security Selection 15% Interest Rate Anticipation
Turnover	Moderate
Duration	Benchmark ± 2 years
Credit quality	Minimum B (At time of purchase)
Strategy AUM	\$127 Million (As at December 31, 2025)

Investment Process

Top-Down Assessment of Fundamentals and Market Expectations Analysis	Anticipation of economic cycles and themes
	Identification of key market factors
	Determination of our outlook for these factors
	Views discounted in the market vs. our outlook
Security Selection	Selection of industry and sector over/underweight
	Potential for active duration positioning
	Emphasize companies with strong assets and credible management team
	In-depth independent research
Risk Management	Credit analysis and issuer diversification
	Diversification of credit quality amongst issuers
	In-depth credit research drives security selection within the portfolio
	Well diversified portfolio by credit tier, industry and issuer. Diversification across North American markets.
	Ensure that alpha opportunities are capitalized based on their level of risk/reward
	Conservative portfolio constraints on duration positioning and credit exposure (minimum credit quality of B)
Emphasis on liquid issues	
Hedged U.S. currency exposure	

Why Invest in High Yield Bonds?

- Historically equity-like returns with capital appreciation and lower levels of volatility
- Higher yields than traditional fixed income
- Enhanced portfolio diversification
- Low to negative correlation to other asset classes
- Stronger yield can be beneficial in rising rate environment
- Improved market dynamics and sound risk profile lead to increased demand for this asset class

Performance (%)

As of March 31, 2026

PER PERIOD AND CALENDAR YEAR PERFORMANCE											
	Q1 2026	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Portfolio	-0.59	7.27	4.97	10.29	-9.11	4.93	3.06	14.53	-3.33	6.69	14.27
Benchmark	-0.79	6.80	5.89	11.61	-11.10	4.48	4.97	13.99	-2.91	6.44	14.25
Added Value	0.21	0.46	-0.92	-1.32	1.99	0.45	-1.90	0.54	-0.42	0.25	0.03

ANNUALIZED PERFORMANCE											
	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	9 Years	10 Years	SI
Portfolio	5.41	5.36	6.05	4.19	3.24	5.68	3.77	3.87	3.82	4.87	4.20
Benchmark	5.12	5.31	6.59	3.93	3.01	5.73	3.83	4.01	3.87	4.79	4.22
Added Value	0.28	0.05	-0.54	0.25	0.23	-0.05	-0.06	-0.13	-0.05	0.08	-0.02

Past performance is not a guarantee or indicator of future results. Inherent in any investment is the risk of loss.
Composite returns, presented gross of management fees
YTD = Year to Date; SI = Since Inception

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Inception Date
February 1, 2014

Performance Benchmark
BofA ML US HY BB/B Constrained Index (Hedged in CAD)

Currency
CAD

Risk/Return Analysis (%)

	Portfolio	Benchmark
Annualized return (%)	4.20	4.22
Beta	0.95	1.00
Standard deviation (%)	6.56	6.79
Information ratio	-0.01	n/a
Sharpe ratio (1.75% ¹)	0.38	0.36

Composite, Since inception

1. Risk-free Rate of return

Portfolio Structure

	Portfolio	Benchmark
Modified duration	3.55	3.18
Yield to worst (%)	5.96	6.79

Based on internal calculations

Portfolio Allocation (%)²

Sector Allocation

Sector	Portfolio	Benchmark
Automotive	7.3	3.2
Banking	0.6	0.1
Basic Industry	12.2	9.6
Capital Goods	5.7	6.6
Consumer Goods	0.0	3.6
Energy	12.6	11.9
Financial Services	2.7	7.9
Healthcare	5.7	7.7
Insurance	0.0	2.6
Leisure	8.6	6.3
Media	8.0	8.6
Real Estate	4.3	3.6
Retail	13.1	5.8
Services	2.1	6.4
Technology and Electronics	4.1	5.1
Telecommunications	0.0	5.9
Transportation	1.6	1.4
Utility	0.0	3.7
Cash and Hedges	11.5	0.0

2. Totals may not sum to 100% due to money market holdings or non-rated securities.

Portfolio Allocation (%)²

Curve Positioning

Duration	Portfolio	Benchmark
< 2 years	14.4	20.4
2 to 5 years	66.3	64.0
5 to 10 years	19.3	15.0
> 10 years	0.0	0.6

Credit Rating Allocation

Rating	Portfolio	Benchmark
BBB	15.4	0.0
BB	78.6	64.7
B	6.0	35.3
CCC	0.0	0.0

2. Totals may not sum to 100% due to money market holdings or non-rated securities.

Portfolio Management Team

Team member	Role	Experience
Brian P. Meaney, CFA	Senior Vice President, Fixed Income Investments	2001

He is assisted by three analysts.

Please refer to the **Important information** section at the end of this document for more information.

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