

Fulcra Credit Opportunities Fund

Portfolio Commentary & Attribution
FEB 28, 2025



Return *of* Capital > Return *on* Capital



COMMENTARY

Dear investors,

Politics continues to dominate markets. In February, elevated intra-week volatility in risky assets and tariff-related headlines fueled reactionary investment decisions from both the bulls and the bears. We expect elevated volatility to continue.

The market is in the first inning of a new political climate in the United States. New government policies will impact fiscal spending and regulation. Certain industries like renewable energy, semiconductors, and fossil fuel production have already been impacted.

Commercial relations between the United States and its allies are also being tested. If George Lucas were to make a movie about today's macroeconomic environment, it might be called "Trade Wars: The Empire Strikes Back."

While change can breed uncertainty, it is important to remember that market fluctuations are not to be feared. They exist to allow intelligent investors make portfolio adjustments - both in adding undervalued securities and exiting fully or overvalued securities.

We are continuously speaking with corporate management teams to identify who the winners and losers of the future will be. Industrials is one sector in which we've heard optimism from the C-suite.

Companies in the sector are already putting dollars behind their positive outlook as can be seen from QXO's all-cash offer to buy Beacon Roofing Supply, and the bidding war between United Rentals and Herc Holdings for H&E Rentals.

Portfolio Update

An opportunity that we often reference is taking advantage of the robotic nature of index-linked investors.

We were given such an opportunity when Nissan was downgraded from an investment grade rating by both Moody's and Fitch at the end of February. Investment grade index ETFs and mutual funds were forced to sell their holdings in NISCAN 2.103% 09/22/2025.

The credit spread moved from +70 bps to +140 bps in a matter of days and we were able to buy a position in this near maturity bond from these funds. We view this as a very effective use of capital that we otherwise would have likely invested in government bills.

Outlook

Credit spreads remain near historic lows. This won't last forever, and we appear to be heading towards a realignment of investor expectations for future returns given the growing short-term economic headwinds coming from tariffs and decreased U.S. government spending.

Our investment portfolio remains conservatively positioned and ready to commit new capital to good businesses at attractive prices.

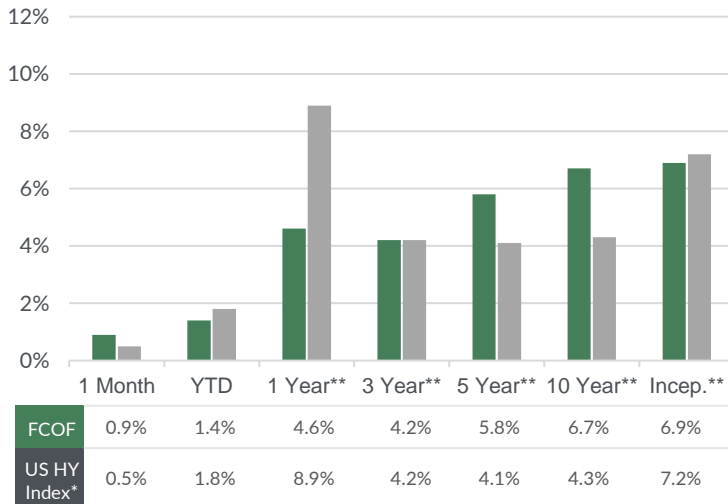


ATTRIBUTION

FUND PORTFOLIO CHARACTERISTICS

YTM (%)	11.04%
Current Yield (%)	7.02%
Distribution Yield	6.6%
12-M Distribution Yield	6.0%
Average Bond Price (\$)	95.34
Maturity (Yrs.)	3.1
Duration (Yrs.)	2.1

COMPOUND PERFORMANCE



* ICE BofA US High Yield Index (CAD Hedged) – H0A0
 ** Annualized since June 30, 2009

TOP 20 ISSUER LIST BY WEIGHTS

Optiva Inc	4.4%
Premium Brands Holdings Corp	4.0%
Nissan Canada Inc	3.6%
Corus Entertainment	3.5%
Pyxus International Inc	3.5%
EG Global Finance PLC	3.4%
Dye & Durham Limited	3.3%
Kar Auction Services Inc	3.2%
WildBrain Ltd	3.1%
CNG Holdings Inc	2.8%
Videotron Ltd	2.6%
New Flyer Industries Inc	2.4%
Rogers Communications Inc	2.3%
Gibson Energy Inc	2.2%
Telesat Canada	2.1%
Sherritt International Corp	2.0%
Tidewater Midstream and Infrastructure Ltd	2.0%
Diamond Sports Finance Co	2.0%
Nova Chemical Corp 5 05/01/25	2.0%
Golar Lng Ltd	1.9%

RETURN CORRELATION MATRIX

	1	2	3	4	5	6
1 Fulcrum Credit Opportunities Fund (Class B)	1.00					
2 S&P 500 CAD (SPXHCD)	0.46	1.00				
3 S&P/TSX Capped Composite CAD (T00CAR)	0.58	0.82	1.00			
4 ICE BofA US High Yield Index USD (H0A0)	0.63	0.77	0.75	1.00		
5 ICE BofA US Corporate USD (C0A0)	0.39	0.48	0.51	0.70	1.00	
6 ICE BofA Canada Corporate CAD (F0C0)	0.35	0.32	0.40	0.52	0.83	1.00

Time Period: Since Common Inception - 06/30/2009
 Source: Bloomberg LP



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The indices are used for broad market performance comparisons. The ICE BofA Canada Corporate Index is comprised of Canadian investment grade corporate bonds. The ICE BofA Canada High Yield Index is comprised of a basket of Canadian dollar issued high yield bonds. The ICE BofA US Corporate Index is comprised of US IG corporate bonds. The ICE BofA US High Yield Index is comprised of US High Yield bonds. The S&P 500 Index is comprised of a basket of US equities. The S&P/TSX Capped Composite is comprised of a basket of Canadian equities. The indices are presented on a total return basis.

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