



LESTER ASSET MANAGEMENT

RESPONSIBLE GROWTH



CANADIAN FIXED INCOME REPORT January 31, 2024

INVESTMENT STRATEGY AND PROCESS

Lester Asset Management Inc. ("LAM") launched an actively managed Canadian Fixed Income strategy for its segregated accounts in January 2008 and created a pooled version through the LAM Canadian Fixed Income Fund in January 2021. The strategy uses a top-down macroeconomic approach to identify the most attractive sectors, types of instruments and maturities, as well as bottom-up fundamental valued-based credit analysis to identify suitable issuers and attractively priced securities. The portfolio is mainly invested in fixed income assets including government issued and guaranteed debt, Investment Grade and High Yield corporate bonds, convertible debentures, preferred shares, and money market instruments. Portfolio structure and risk management include proper diversification by industry, issuer, credit quality and instrument type, as well as laddered maturities. The Fund aims to maintain lower duration than the benchmark in order to minimize interest rate risk, and to achieve a high level of income generation while preserving capital.

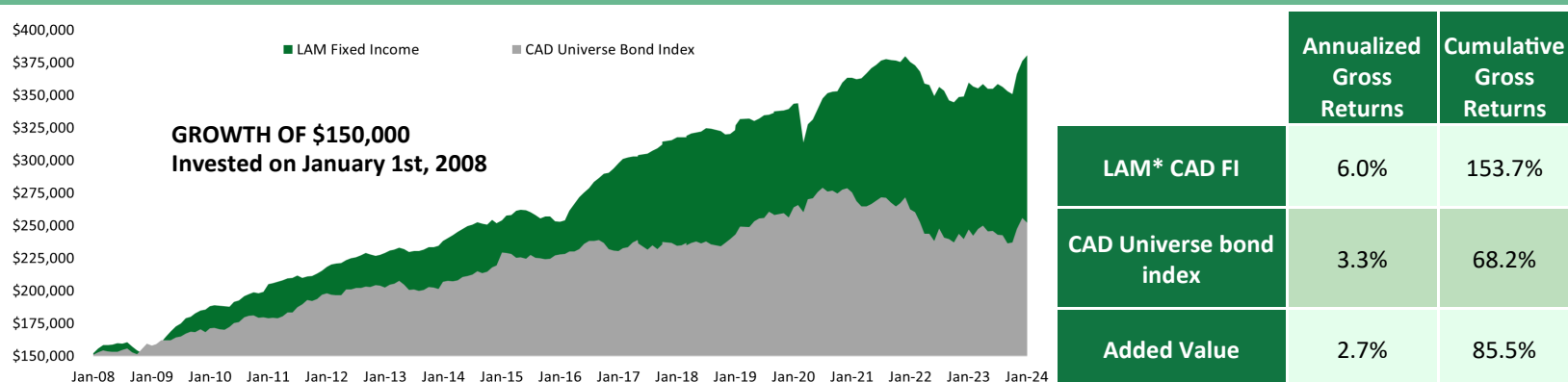
CALENDAR YEAR GROSS RETURNS

	2024 YTD	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
LAM CAD FIXED INCOME*	1.2%	7.8%	-8.1%	4.6%	7.0%	6.0%	1.5%	7.3%	16.1%	0.6%	7.4%	3.1%	5.6%	8.1%	7.5%	20.7%	2.5%
CAD Universe Bond Index	-1.4%	6.7%	-11.7%	-2.5%	8.7%	6.9%	1.4%	2.5%	1.7%	3.5%	8.8%	-1.2%	3.6%	9.7%	6.7%	5.4%	6.4%

ANNUALIZED GROSS RETURNS (except for 1 month and 3 months returns)

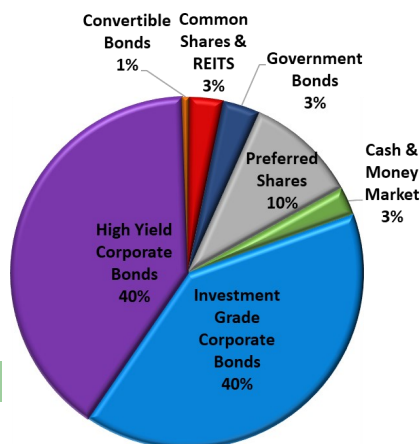
	1 MONTH	3 MONTHS	1 YEAR	3 YEARS	5 YEARS	10 YEARS	SINCE JAN 1, 2008
LAM CAD FIXED INCOME*	1.2%	8.5%	5.8%	1.5%	3.3%	4.8%	6.0%
CAD Universe Bond Index	-1.4%	6.4%	2.1%	-2.9%	0.8%	2.0%	3.3%

CUMULATIVE GROSS RETURNS VERSUS CAD Universe Bond Index SINCE January 1, 2008



FUND ALLOCATION BY SECTOR AND ASSET TYPE

UTILITIES	23.1%
FINANCIAL	19.4%
COMMUNICATIONS	16.1%
CONSUMER CYCLICAL	11.3%
PIPELINES	8.8%
ENERGY	6.5%
INDUSTRIAL	4.7%
BASIC MATERIALS	4.1%
GOVERNMENT	3.4%
CASH	2.6%
REITS	0.0%
CONSUMER NON-CYCLICAL	0.0%



TOP 10 FUND HOLDINGS

SECURITY	ASSET TYPE	%
Russel Metals 5.75% Oct 27, 2025	HY Bond	3.4
Canada Government 2.75% June 01, 2033	Gov Bonds	3.4
Videotron 5.625% June 06, 2025	HY Bond	3.3
Brookfield Renewable 3.38% Jan 15, 2030	IG Bond	3.2
Superior Plus 4.25% May 18, 2028	HY Bond	3.1
Videotron 4.5% Jan 15, 2030	HY Bond	3.1
Brookfield Infrastructure 3.41% Oct 09, 2029	IG Bond	3.0
Cascade 5.125% Jan 15, 2025	HY Bond	3.0
Enbridge 6.625% April 12, 2078/2028	IG Bond	2.8
Altagas LTD 4.242% Preferred	Pfd	2.7

MONTHLY COMMENTARY

The year 2024 had a volatile start for fixed income assets, however our **LAM Canadian Fixed Income Fund** stood out with a positive gross return of **+1.2%** versus a negative return of **-1.4%** for the FTSE Canada Universe Bond Index. After 2 months of sharp declines, bond yields took a breather in January, ending higher. During the month, both the U.S. Federal Reserve and the Bank of Canada indicated that rate cuts could be delayed until inflation was closer to 2%. These central bank comments reaffirmed the end of the rate hike cycle and confirmed that inflation appeared to be under control. But comments suggesting that rate cuts were not imminent threw cold water on the bond market in general. Our main contributors for the month were, once again, preferred shares such as those of **Brookfield Office Properties** which rallied on the announcement that it would repurchase some of its shares, seeing the low price they were trading at. Some were trading at more than a 50% discount to par. Our contributors included hybrid corporate bonds such as **Royal Bank 4.5% 2080/2025**, and high-yield bonds such as **Corus 5% 2028** which reported better-than-expected quarterly results and eliminated their dividend. Our detractors were mainly longer-dated bonds, such as **Canada 3.25% 2033** and **Brookfield Renewable 3.38% 2030**, which declined in value due to an increase in yields. We continue to use cash inflows to invest in high-quality bonds offering attractive current yields, with the overall portfolio currently yielding around 6.2% for a duration of just 3.4 years.

PORTFOLIO MANAGERS



Olivier Tardif-Loiselle, CFA – Lead Portfolio Manager Fixed Income

Olivier joined the firm in 2020 as Lead Portfolio Manager of Fixed Income. He is also a member of the firm's Investment Committee. He spent 7 years at iA Financial Group (Industrial Alliance, 4th largest life insurance company in Canada) in different roles such as credit analyst, senior trader and strategist for Fixed Income. While at iA, he developed an expertise in portfolio management and trading for investment funds, pension funds and LDI (Liability Driven Investments).

Co-Managers: Stephen Takacsy, B. Eng, MBA

STRATEGY CHARACTERISTICS

Inception Date	January 1st, 2008
Strategy AUM	\$132 million
Style	All-Cap, value-driven and opportunistic
Process	Top down macroeconomic & bottom-up fundamental value-based
Portfolio	40 to 50 diversified holdings
Risk Metrics	Weighted Average Duration : 3.4 years Weighted Average Yield : 6.2% Weighted Average coupon : 5.0% Maximum position size: 5% Maximum sector weight: 25%

POOLED FUND TERMS

Inception Date	January 4th, 2021																
Fund AUM	\$62 million																
Minimum Investment	\$150,000 (or less for accredited investors)																
Eligible Accounts	Non-Registered and Registered (RRSP, RESP, TFSA...)																
Distribution	AB, BC, MB, ON, QC, by way of Offering Memorandum																
Management Expense Ratio (MER)	Management Fee (as listed below) + maximum 0.1% for operating expenses, and trading and custodial charges																
Fund Units***	<table border="1"> <thead> <tr> <th>SERIES</th> <th>FUNDSERV CODE</th> <th>NAV</th> <th>MGMT. FEE</th> </tr> </thead> <tbody> <tr> <td>F</td> <td>LAF200</td> <td>\$10.12</td> <td>1.0%</td> </tr> <tr> <td>I</td> <td>LAF201</td> <td>\$10.21</td> <td>0.75%</td> </tr> <tr> <td>O</td> <td>LAF202</td> <td>\$10.48</td> <td>TBD</td> </tr> </tbody> </table>	SERIES	FUNDSERV CODE	NAV	MGMT. FEE	F	LAF200	\$10.12	1.0%	I	LAF201	\$10.21	0.75%	O	LAF202	\$10.48	TBD
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ABOUT THE FIRM

Lester Asset Management is a Montreal-based independent discretionary portfolio management firm serving private clients and institutions such as charitable foundations, while exercising a fiduciary duty to always act in the best interests of its clients. The Firm is committed to preserving and growing the financial wealth of its clients through responsible and ethical investing while also providing a high level of personalized service to meet its clients' evolving needs. The Firm is focused on the active value-added management of its two core strategies: All-Cap Canadian Equity and Canadian Fixed Income, aiming to outperform the main indices and to add value by achieving higher returns than the market with lower risk while using strict ESG considerations. In 2019, the Firm was selected by the Quebec Emerging Managers Program to manage a pooled Canadian Bond fund for a group of institutional investors. In 2021, the Firm received a Global Manager Research (GMR) "Top Performer" Award for its 1-year return in the Canadian Fixed Income category, and in 2022 it received 2 more GMR "Top Performer" Awards for its 5-year and 10-year returns in the Canadian Fixed Income category. The Firm is also a signatory of the United Nations' Principles of Responsible Investing since 2021.

FOR MORE INFORMATION:

TEL: 514-849-5566
TOLL FREE: 1-866-849-5566
EMAIL: reception@lesterasset.com

HEAD OFFICE:

1800 McGill College Avenue, Suite 2102
Montreal, QC H3A 3J6
www.lesterasset.com



*Returns for LAM's Canadian Fixed Income strategy are gross of management fees and based on dollar-weighted gross returns for the Canadian Fixed Income composite of segregated portfolios managed by LAM using the same strategy from January 2008 until the launch of the Fund in January 2021 and on gross returns of the LAM Canadian Fixed Income Fund thereafter. **The FTSE Canadian Universe Bond Index is the benchmark that has been used since the inception of LAM's Canadian Fixed Income strategy in January 2008 and the Fund in January 2021, and reflects the policy of investing only in Canadian securities.*** Returns on the different unit series of the Fund will vary due to applicable management fees. Please read the Offering Memorandum before investing in the Fund. Pooled fund returns are not guaranteed as unit values change frequently and past performance may not be repeated.



FREQUENT CONTRIBUTOR ON

