



LESTER ASSET MANAGEMENT

RESPONSIBLE GROWTH



CANADIAN FIXED INCOME REPORT December 31, 2025

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.

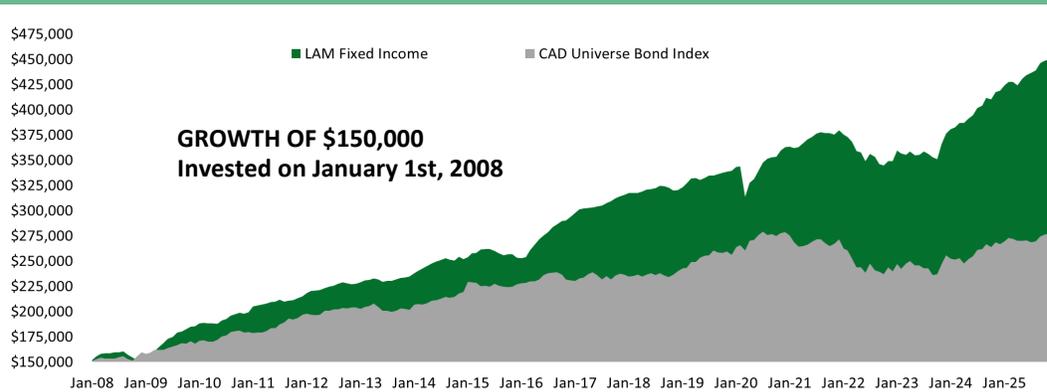
CALENDAR YEAR GROSS RETURNS

	2025 YTD	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
LAM CAD FIXED INCOME*	7.3%	11.4%	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	2.6%	4.2%	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*	0.1%	0.7%	7.3%	8.8%	4.4%	5.0%	6.3%
CAD Universe Bond Index	-1.3%	-0.3%	2.6%	4.5%	-0.4%	1.9%	3.4%

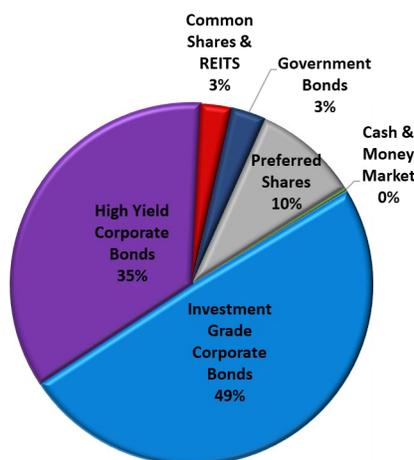
CUMULATIVE GROSS RETURNS VERSUS CAD Universe Bond Index SINCE January 1, 2008



	Annualized Gross Returns	Cumulative Gross Returns
LAM* CAD FI	6.3%	199.8%
CAD Universe bond index	3.4%	82.5%
Added Value	2.9%	117.3%

FUND ALLOCATION BY SECTOR AND ASSET TYPE

UTILITIES	29.7%
FINANCIALS	18.9%
COMMUNICATIONS	10.9%
PIPELINES	10.9%
CONSUMER CYCLICAL	10.2%
ENERGY	8.6%
INDUSTRIALS	4.0%
GOVERNMENT	3.1%
CONSUMER NON-CYCLICAL	1.9%
BASIC MATERIALS	1.4%
CASH	0.3%
REITS	0.0%



TOP 10 FUND HOLDINGS

SECURITY	ASSET TYPE	%
Secure Energy 6.75% March 22, 2029	HY Bond	4.0
ATS Corp 6.5% August 21, 2032	HY Bond	3.3
Brookfield renewable 5.84% May 11, 2036	IG Bond	3.3
Brookfield Renewable 3.38% Jan 15, 2030	IG Bond	3.0
Enbridge 6.625% April 12, 2078/2028	IG Bond	2.9
Doman Building 7.5% Sept 17, 2029	HY Bond	2.8
Brookfield Infrastructure 3.41% Oct 09, 2029	IG Bond	2.8
Northland power 9.25% June 30,2083/2028	HY Bond	2.8
Altogas 2.477% Nov 30, 2030	IG Bond	2.7
AutoCanada 5.75% Feb 02, 2029	HY Bond	2.6

QUARTERLY COMMENTARY

The 4th quarter was a positive one for our **LAM Canadian Fixed Income Fund**, despite a more difficult period for bond indices and increased volatility in financial markets. The Fund ended the quarter with a gross return of **+0.7%** versus -0.3% for the FTSE Canada Universe Bond Index. During the quarter, our main contributors were preferred shares from issuers such as **Brookfield** and **AltaGas** and some of our hybrid bonds such as **Capital Power 7.95% 2082/2032** and **CIBC 6.987% 2084/2029**. Our detractors included some of our high-dividend stocks such as **Telus** and **Pembina**, as well as longer-term bonds such as **Hydro One 3.72% 2047**. For 2025, we significantly outperformed the benchmark with a positive gross return of **+7.3%**, compared to +2.6% for the index. One of the key contributors to our performance was our preferred share exposure. The Canadian preferred shares index performed well once again, with a return of over +18%. Our performance also benefited from our exposure to hybrid bonds and high-yield securities such as **Autocanada 5.75% 2029**, **Superior Plus 4.25% 2028**, and **Capital Power 7.95% 2082/2032**, which returned over +10% for the year, including interest income. As well, our shorter duration continued to help buffer volatility. Our detractors include securities with longer maturities given that the yield curve steepened in 2025. Despite our strong performance, the Fund still offers a current yield of close to 5%, well above GICs and inflation, for a duration of just under 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	\$173 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 : 3.8 years Weighted Average Yield : 5.0% Sharpe Ratio** : 1.04 Upside Capture** : 77% Downside Capture** : 4% Maximum position size: 5% Maximum sector weight: 30%

POOLED FUND TERMS

Inception Date	January 4th, 2021																
Fund AUM	\$72 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>\$11.69</td> <td>1.0%</td> </tr> <tr> <td>I</td> <td>LAF201</td> <td>\$11.87</td> <td>0.5%</td> </tr> <tr> <td>O</td> <td>LAF202</td> <td>\$12.38</td> <td>TBD</td> </tr> </tbody> </table>	SERIES	FUNDSERV CODE	NAV	MGMT. FEE	F	LAF200	\$11.69	1.0%	I	LAF201	\$11.87	0.5%	O	LAF202	\$12.38	TBD
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ABOUT THE FIRM

Lester Asset Management is a Montreal-based independent portfolio management firm serving private clients and institutions, with a fiduciary duty to always act in the best interests of its clients. The Firm also manages institutional funds for the *Quebec Emerging Managers Program*. 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 core strategies: Canadian Equity, Canadian Fixed Income, and Global Equity, aiming to outperform the main indices and add value by achieving higher returns than the market with lower risk. 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 two more GMR *Top Performer* awards for its 5-year and 10-year returns in the Canadian Fixed Income Plus category. The Firm is also a signatory of the United Nations' Principles of Responsible Investing and is a member of the Taskforce on Nature-related Financial Disclosure (TNFD) Forum and the Nature Action 100 engagement team.

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. **Since inception of the strategy. (risk free rate used : 1.60%*** 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. ****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.



FREQUENT CONTRIBUTOR ON

