



# LESTER ASSET MANAGEMENT

RESPONSIBLE GROWTH



## CANADIAN FIXED INCOME REPORT March 31, 2026

### 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.

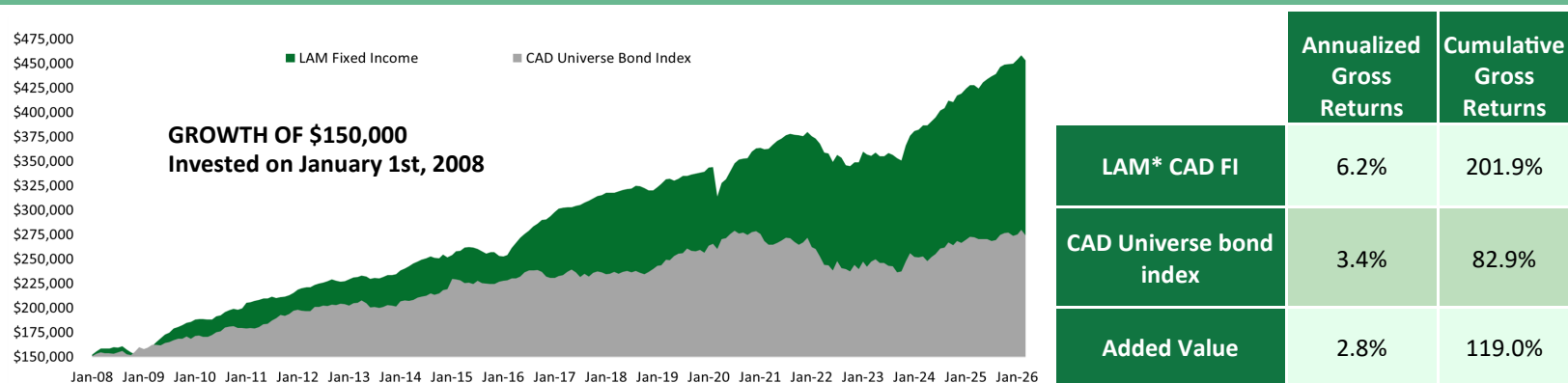
### CALENDAR YEAR GROSS RETURNS

	2026 YTD	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
LAM CAD FIXED INCOME*	0.7%	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	0.2%	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)

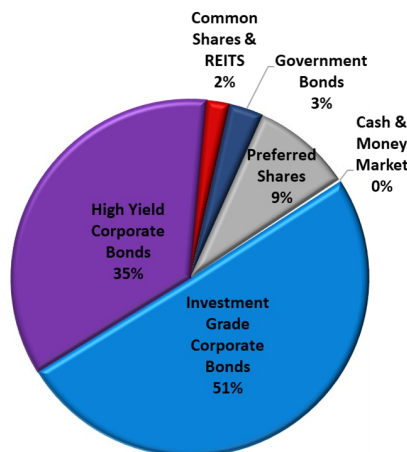
	1 MONTH	3 MONTHS	1 YEAR	3 YEARS	5 YEARS	10 YEARS	SINCE JAN 1, 2008
LAM CAD FIXED INCOME*	-1.2%	0.7%	5.9%	8.4%	4.5%	5.7%	6.2%
CAD Universe Bond Index	-2.0%	0.2%	0.8%	3.5%	0.7%	1.8%	3.4%

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



### FUND ALLOCATION BY SECTOR AND ASSET TYPE

UTILITIES	28.5%
FINANCIALS	18.3%
COMMUNICATIONS	10.8%
PIPELINES	10.7%
CONSUMER CYCLICAL	10.1%
ENERGY	8.7%
INDUSTRIALS	5.3%
GOVERNMENT	3.1%
CONSUMER NON-CYCLICAL	2.3%
BASIC MATERIALS	2.0%
CASH	0.2%
REITS	0.0%



### TOP 10 FUND HOLDINGS

SECURITY	ASSET TYPE	%
Secure Energy 6.75% March 22, 2029	HY Bond	3.9
ATS Corp 6.5% August 21, 2032	HY Bond	3.3
Brookfield renewable 5.84% May 11, 2036	IG Bond	3.2
Brookfield Renewable 3.38% Jan 15, 2030	IG Bond	3.0
Enbridge 6.625% April 12, 2078/2028	IG Bond	2.8
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	2.7
Altagas 2.477% Nov 30, 2030	IG Bond	2.7
AutoCanada 5.75% Feb 02, 2029	HY Bond	2.6

# QUARTERLY COMMENTARY

The 1st quarter of 2026 was, once again, extremely volatile but nonetheless positive for our **LAM Canadian Fixed Income Fund**, with a gross return of **+0.7%** compared to +0.2% for the FTSE Canada Universe Bond Index. Volatility was almost entirely driven by geopolitical events. The year started off well, with most asset classes in positive territory, until the outbreak of war in Iran. Then, bond yields rose significantly with bond indices going into the red, although our portfolio remained in positive territory. The closure of the Strait of Hormuz has affected a meaningful portion of the global energy supply and other vital products such as fertilizer. Consequently, the market is anticipating higher inflation, and thus fewer potential rate cuts and possibly rate hikes if higher oil prices persist. Until now, the Bank of Canada (BOC) and the U.S. Federal Reserve (Fed) have kept their key interest rates unchanged, however higher commodity prices have created some uncertainty. During the quarter, our top performers were preferred shares from issuers such as **Brookfield** and **Altagas**, and some high-yield bonds, including **MDA Space 7% 2030** and **ATS 6.5% 2032**. Detractors included bonds of longer maturity, such as **Hydro One 3.72% 2047**, which were impacted by higher long-term yields, and bonds of consumer lender **GoEasy 6% 2030** which fell following higher provisions for credit losses in its auto and recreational vehicles business. After a thorough analysis, we are comfortable continuing to hold this position, the bonds having partially rebounded. Given slightly wider corporate credit spreads and higher government bond yields, we believe that the Fixed Income asset class—and corporate bonds in particular—remains attractive, particularly from a capital preservation and yield perspective.

## 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

<b>Inception Date</b>	January 1st, 2008
<b>Strategy AUM</b>	\$173 million
<b>Style</b>	All-Cap, value-driven and opportunistic
<b>Process</b>	Top down macroeconomic & bottom-up fundamental value-based
<b>Portfolio</b>	40 to 50 diversified holdings
<b>Risk Metrics</b>	Weighted Average Duration : 3.5 years Weighted Average Yield : 5.1% Sharpe Ratio** : 1.04 Upside Capture** : 77% Downside Capture** : 4% Maximum position size: 5% Maximum sector weight: 30%

## POOLED FUND TERMS

<b>Inception Date</b>	January 4th, 2021																
<b>Fund AUM</b>	\$73 million																
<b>Minimum Investment</b>	\$150,000 (or less for accredited investors)																
<b>Eligible Accounts</b>	Non-Registered and Registered (RRSP, RESP, TFSA...)																
<b>Distribution</b>	AB, BC, MB, ON, QC, by way of Offering Memorandum																
<b>Management Expense Ratio (MER)</b>	Management Fee (as listed below) + maximum 0.1% for operating expenses, and trading and custodial charges																
<b>Fund Units***</b>	<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>\$11.74</td> <td>1.0%</td> </tr> <tr> <td>I</td> <td>LAF201</td> <td>\$11.93</td> <td>0.5%</td> </tr> <tr> <td>O</td> <td>LAF202</td> <td>\$12.47</td> <td>TBD</td> </tr> </tbody> </table>	SERIES	FUNDSERV CODE	NAV	MGMT. FEE	F	LAF200	\$11.74	1.0%	I	LAF201	\$11.93	0.5%	O	LAF202	\$12.47	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:

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\*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.



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