# LAM LESTER ASSET MANAGEMENT

RESPONSIBLE GROWTH

# CANADIAN FIXED INCOME REPORT
## June 30, 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.

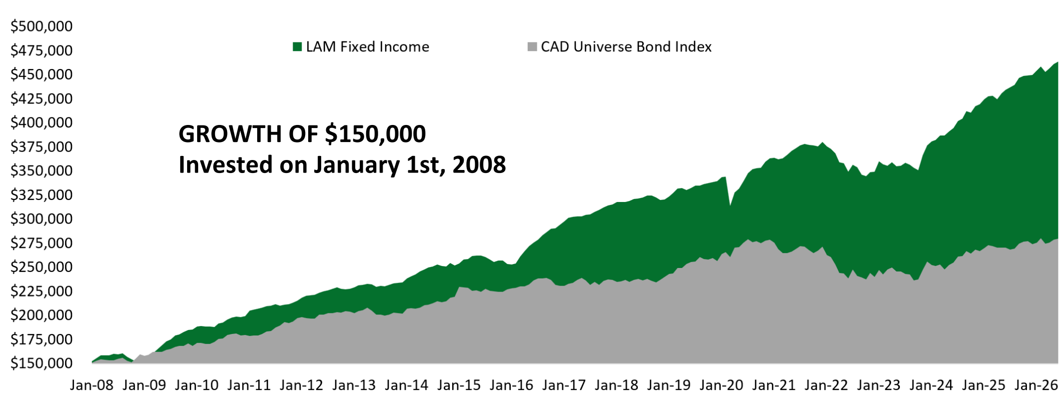
## CALENDAR YEAR GROSS RETURNS

| | 2026 YTD | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| LAM CAD FIXED INCOME* | 3.1% | 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 | 2.2% | 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* | 0.5% | 2.3% | 6.8% | 9.3% | 4.4% | 5.3% | 6.3% |
| CAD Universe Bond Index | 0.5% | 2.0% | 3.5% | 4.4% | 0.8% | 1.7% | 3.4% |

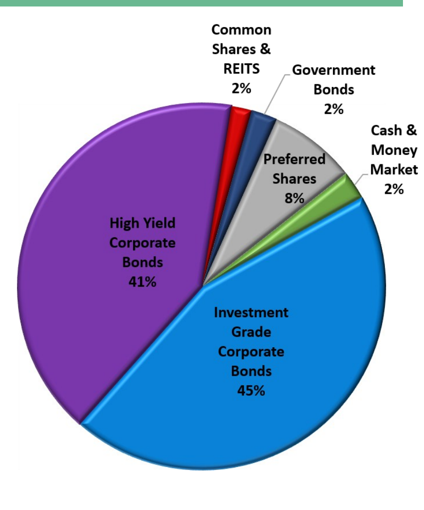
## CUMULATIVE GROSS RETURNS VERSUS CAD Universe Bond Index SINCE January 1, 2008




| | Annualized Gross Returns | Cumulative Gross Returns |
|---|---|---|
| LAM* CAD FI | 6.3% | 209.0% |
| CAD Universe bond index | 3.4% | 86.6% |
| Added Value | 2.9% | 122.4% |

## FUND ALLOCATION BY SECTOR AND ASSET TYPE

| | |
|---|---|
| UTILITIES | 27.0% |
| FINANCIALS | 18.5% |
| PIPELINES | 11.9% |
| CONSUMER CYCLICAL | 10.0% |
| COMMUNICATIONS | 8.9% |
| ENERGY | 7.2% |
| INDUSTRIALS | 7.2% |
| CONSUMER NON-CYCLICAL | 2.7% |
| CASH | 2.5% |
| GOVERNMENT | 2.3% |
| BASIC MATERIALS | 1.9% |
| REITS | 0.0% |




## TOP 10 FUND HOLDINGS

| SECURITY | ASSET TYPE | % |
|---|---|---|
| ATS Corp 6.5% August 21, 2032 | HY Bond | 3.3 |
| Brookfield renewable 5.84% May 11, 2036 | IG Bond | 3.2 |
| Doman Building 7.5% Sept 17, 2029 | HY Bond | 2.8 |
| Enbridge 6.625% April 12, 2078/2028 | IG Bond | 2.8 |
| Brookfield Infrastructure 3.41% Oct 09, 2029 | IG Bond | 2.7 |
| Northland power 9.25% June 30,2083/2028 | HY Bond | 2.7 |
| Enbridge 8.747% January 15, 2084/2033 | IG Bond | 2.6 |
| MDA Space 7% December 23, 2030 | HY Bond | 2.6 |
| Laurentian Bank 7.403% June 15, 2081/2029 | HY Bond | 2.6 |
| AutoCanada 5.75% Feb 02, 2029 | HY Bond | 2.6 |

## QUARTERLY COMMENTARY

The 2nd quarter was positive for most asset classes, following a rather volatile start to the year with the outbreak of war in Iran. However, during the quarter, investors began to focus beyond the war and an eventual agreement, which has yet to be finalized. Capital markets were again driven by sectors related to artificial intelligence, including massive debt issuance by technology-related companies. During the quarter, we witnessed a rare divergence between U.S. and Canadian bond yields. In the U.S., sustained economic growth, driven largely by massive investment in data center infrastructure, and persistent inflation fears from higher oil prices, drove up yields across virtually the entire curve, while in Canada bond yields declined amid an economic slowdown and stable inflation. Our **LAM Canadian Fixed Income Fund** had a very strong quarter, with a gross return of **+2.3%** compared to +2.0% for the FTSE Canada Universe Bond Index. Year-to-date, we remain well positioned with a positive gross return of **+3.1%**, compared to +2.2% for the bond index. Our main contributors included high-yield bonds, notably **GoEasy 6% 2030**, a Canadian lender specializing in consumer loans, whose bonds appreciated over 8% as the market was reassured by an access-to-financing plan unveiled by management—as anticipated in our Q1 letter. Also, **Laurentian Bank 7.403% 2081/2031** bonds, which were scheduled for early redemption in June 2026, were extended with a "reset" interest rate that is 2% higher than before, which caused a strong appreciation in the price of these bonds. The Fund continues to offer an attractive current yield of nearly 4.7%, well above inflation, with a duration of approximately 3.5 years, which is short and designed to avoid any negative impact from inflationary surprises or rising bond yields.

## PORTFOLIO MANAGERS

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

Olivier has 14 years experience in the Fixed Income market. He joined LAM in 2020 as Lead Portfolio Manager of Fixed Income and a member of its 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 trading, research, and portfolio management 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 : 3.5 years<br>Weighted Average Yield : 4.6%<br>Sharpe Ratio** : 1.04<br>Upside Capture** : 77%<br>Downside Capture** : 4%<br>Maximum position size: 5%<br>Maximum sector weight: 30% |

## POOLED FUND TERMS

| | |
|---|---|
| **Inception Date** | January 4th, 2021 |
| **Fund AUM** | $74 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*** ** | |

| SERIES | FUNDSERV CODE | NAV | MGMT. FEE |
|---|---|---|---|
| F | LAF200 | $11.98 | 1.0% |
| I | LAF201 | $12.19 | 0.5% |
| O | LAF202 | $12.76 | TBD |

## 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.