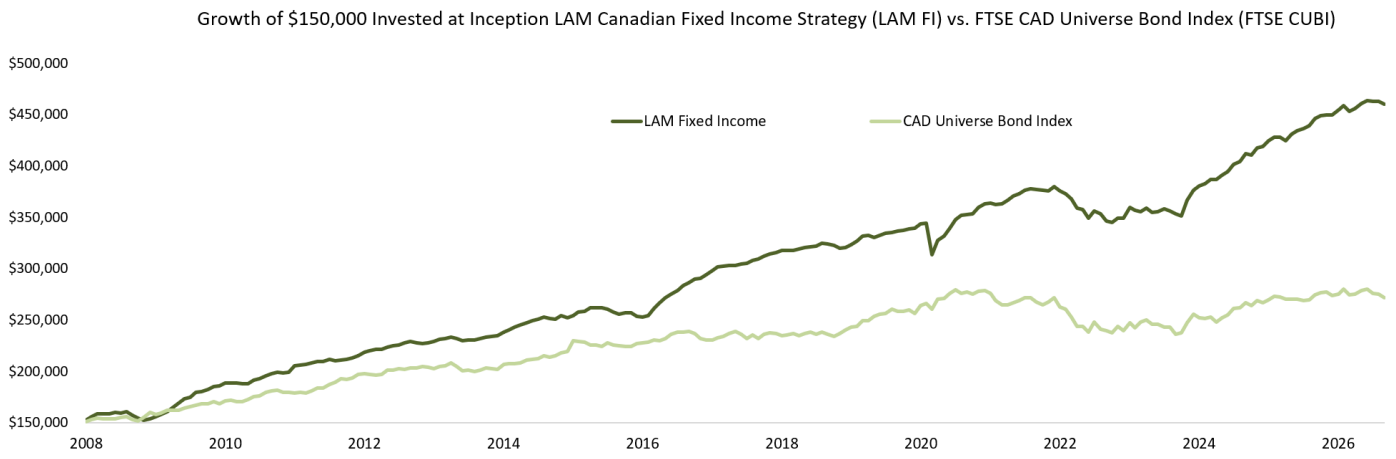
## Investment Strategy and Process

Lester Asset Management Inc. ("LAM") launched an actively managed Canadian Fixed Income strategy ("LAM FI") 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 to minimize interest rate risk, and to achieve a high level of income generation while preserving capital.

## Compound Gross Returns

| | 1 Month | 3 Months | 1 Year | 3 Years (Annualized) | 5 Years (Annualized) | 10 Years (Annualized) | Since Inception (Annualized) |
|---|---|---|---|---|---|---|---|
| LAM CAD Fixed Income[i] | -0.6% | -0.8% | 3.0% | 9.2% | 4.1% | 4.9% | 6.2% |
| CAD Universe Bond Index[ii] | -1.2% | -3.0% | -1.1% | 4.7% | 0.3% | 1.3% | 3.2% |

## Gross Returns versus FTSE CAD Universe Bond Index (FTSE CUBI) Since Inception




| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 YTD | Annualized | Cumulative |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| LAM FI | 2.5% | 20.7% | 7.5% | 8.0% | 5.6% | 3.1% | 7.4% | 0.6% | 16.1% | 7.3% | 1.5% | 6.0% | 7.0% | 4.6% | -8.1% | 7.8% | 11.4% | 7.3% | 2.3% | 6.2% | 206.6% |
| FTSE CUBI | 6.4% | 5.4% | 6.7% | 9.7% | 3.6% | -1.2% | 8.8% | 3.5% | 1.6% | 2.5% | 1.4% | 6.9% | 8.7% | -2.5% | -11.7% | 6.7% | 4.2% | 2.6% | -0.8% | 3.2% | 81.0% |
| **Value Add** | **-3.9%** | **15.3%** | **0.7%** | **-1.6%** | **2.0%** | **4.3%** | **-1.4%** | **-3.0%** | **14.4%** | **4.8%** | **0.1%** | **-0.9%** | **-1.7%** | **7.1%** | **3.6%** | **1.1%** | **7.1%** | **4.7%** | **3.1%** | **3.0%** | **125.6%** |

## 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-Manager: Stephen Takacsy, B. Eng, MBA

## Quarterly Commentary

During the 3rd quarter, the **LAM Canadian Fixed Income Fund** declined **-0.8%** on a gross basis amid a difficult market for bonds, as inflation fears persisted driven by the conflict in the Strait of Hormuz, continued massive investments in data center infrastructure and AI, and resilient U.S. economic data, causing U.S. bond yields to rise. In Canada, despite lower inflation and a more uncertain economic outlook given the stalled trade agreement negotiations with the U.S., bond yields also rose across the entire yield curve, the market now expecting Canada's overnight interest rate to rise by nearly 100 basis points by December 2027 despite the challenges ahead and soft economic data. We nevertheless significantly outperformed the FTSE Canada Universe Bond Index which was down -3%. Year-to-date, we remain well ahead with a positive gross return of **+2.3%**, compared to -0.8% for the Canadian bond index. Among our main contributors were high-yield corporate bonds, notably **NFI Group 6.625% 2033**, and **Laurentian Bank 7.403% 2081/2031** which were callable in June 2026, yet had their maturity extended with a "reset" coupon rate that was 2% higher than the previous one, driving up the price of these bonds. Unsurprisingly, among the underperformers were bonds with longer maturities, such as the **Telus 4.85% 2044**, **Hydro One 3.72% 2047**, and **Brookfield Renewable 5.84% 2036**. We remain optimistic about the fixed income asset class for the coming quarters, as yields have become even more attractive, particularly for corporate bonds. Our Fund continues to offer a current yield of nearly 5.2%, well above inflation, with a duration of approximately 3.5 years, much shorter than the overall index and designed to avoid any negative impact from inflation surprises or rising bond yields.

## Strategy Characteristics

| | |
|---|---|
| **Inception Date** | January 1st, 2008 |
| **Assets Under Management** | $173 million |
| **Style** | Short-mid term corporate credit-driven and opportunistic |
| **Process** | Top down macroeconomic and bottom-up fundamental credit-based |
| **Holdings** | 40 to 50 diversified holdings |

### Sector

| | |
|---|---|
| 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% |

### Asset Type

| | |
|---|---|
| Cash & Money Market | 0% |
| Government Bonds | 3% |
| Investment Grade Corporate Bonds | 44% |
| High Yield Corporate Bonds | 42% |
| Preferred Shares | 8% |
| Common Shares & REITS | 3% |

### Top 10 Fund Holdings

| | | |
|---|---|---|
| ATS Corp 6.5% August 21, 2032 | HY Bond | 3.2% |
| Brookfield renewable 5.84% May 11, 2036 | IG Bond | 3.1% |
| MDA Space 7% December 23, 2030 | HY Bond | 2.9% |
| Enbridge 8.747% January 15, 2084/2033 | IG Bond | 2.9% |
| Doman Building 7.5% Sept 17, 2029 | IG Bond | 2.8% |
| Enbridge 6.625% April 12, 2078/2028 | HY 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% |
| Laurentian Bank 7.403% June 15, 2081/2029 | HY Bond | 2.6% |
| AutoCanada 5.75% Feb 02, 2029 | HY Bond | 2.6% |

### Risk Metrics

| | |
|---|---|
| Weighted Average Duration | 3.4 years |
| Weighted Average Yield | 5.2% |
| Sharpe Ratio[iii] | 1.04 |
| Upside Capture[iii] | 77% |
| Downside Capture[iii] | 4% |
| Maximum Position Size | 5% |
| Maximum Sector Weight | 30% |

## Pooled Fund Terms

| | |
|---|---|
| Inception Date | January 4th, 2021 |
| Assets Under Management | $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 and maximum 0.1% operating expenses, trading and custodial fees |

| FUND UNIT SERIES[iv] | FUNDSERV CODE | NAV | MANAGEMENT FEE |
|---|---|---|---|
| F | LAF200 | $11.85 | 1.0% |
| I | LAF201 | $12.08 | 0.5% |
| O | LAF202 | $12.66 | TBD |

## About Us

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 managed 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. In 2025, the LAM Canadian Fixed Income Fund was ranked in the top performing fund in Canada by Fundata.

## Contact Us

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[i] 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.
[ii] 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.
[iii] Since inception of the strategy. (risk free rate used: 1.50%)
[iv] 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.