

Fulcra Credit Opportunities Fund

Portfolio Commentary & Attribution
SEPTEMBER 30, 2025



Return *of* Capital > Return *on* Capital



COMMENTARY

Dear Investors,

The Fulcra Credit Opportunities Fund (“the Fund”) returned 0.9%¹ for the month of September and has returned 5.9% year-to-date.

Credit market participants enjoyed another low-volatility month, as the Bloomberg US Corporate High Yield Bond Index spread over treasuries traded in a very tight range (288-311 basis points). For reference, the low spread over the past 25 years has been 253 basis points, and the average spread has been 546 basis points.

Despite the strength in public equity and debt markets, red flags continue to emerge in private lending. We saw another large Canadian mortgage fund suspend redemptions at the end of August, and the MVIS US Business Development Companies Index (which tracks the US’s largest Business Development Companies) posted its worst monthly total return (-7.3%) over the past three years in September.

Business Development Companies (BDCs) can be viewed as a proxy for the opaque world of private credit. A BDC has a mandate to lend to small and middle-market US businesses. Publicly traded BDCs provide investors with a vehicle to access ownership in a diversified pool of private credit assets.

In the Canadian high-yield credit market, Chemtrade Logistics issued \$250 million of senior unsecured bonds with a 5.75% coupon. The company is using the proceeds to redeem a portion of its outstanding convertible debt.

Portfolio Update

The Fund posted another strong month of performance, led by price appreciation in the bonds of Tidewater Midstream, Chemtrade Logistics and Telesat Corporation.

Chemtrade convertible bonds have long been a favourite of ours. This recent “traditional” bond financing, however, will eliminate the last of these convertible bonds that we have enjoyed owning for many years. However, the positive equity option of these convertible bonds can unfortunately be viewed negatively by shareholders.

Of note, Wolfspeed Inc. emerged from Chapter 11 with a much cleaner balance sheet. Total debt was reduced by 70% and annual cash interest expense by 60%. The Fund, along with other unsecured creditors, received newly issued debt and most of the equity of the restructured company.

The process risk in the Wolfspeed restructuring was very low. The prepackaged plan was well supported by creditors, and the chapter 11 process was completed in 3 months. Perella Weinberg Partners valued Wolfspeed’s post-bankruptcy enterprise value between \$2.4 billion and \$2.9 billion with a midpoint valuation for the company’s equity of \$1.1 billion.

Looking forward, Wolfspeed now has the financial flexibility ramp up operations and attempt to realize the value of their Mohawk Valley device fab.

Outlook

At the index level, security valuations in both equity and debt markets remain expensive. The sudden collapse of subprime auto lender Tricolor and auto parts supplier First Brands has been a wake-up call for credit investors. Both companies are being accused of fraud by their lenders. With multi-billion-dollar losses to investors, including private credit funds and major US banks, we expect scrutiny to increase from risk managers and lending officers.

These two situations serve as examples of reasons we avoid “owning the market”, participating in High Yield new issuance and the potential risk to owning private credit investments.

Potentially, tighter lending conditions are coming; we expect new opportunities to arise in secondary credit markets. In the meantime, we continue to maintain a balanced portfolio of idiosyncratic investments and liquid, low-duration securities, and are well-positioned to take advantage of any future market volatility.

Sincerely,

Fulcra Asset Management

¹ Class F units of the fund (net of fees)



Fulcrum Credit Opportunities Fund

AS OF SEPTEMBER 30, 2025

ATTRIBUTION

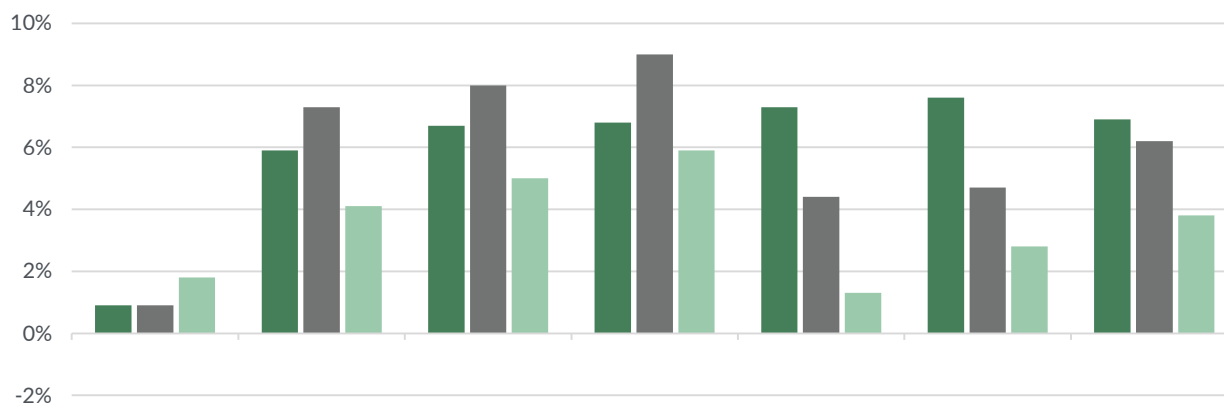
FUND PORTFOLIO CHARACTERISTICS

YTM (%)	10.6%
Current Yield (%)	7.6%
Distribution Yield	6.6%
12-M Distribution Yield	6.0%
Average Bond Price (\$)	95.49
Maturity (Yrs.)	2.7
Duration (Yrs.)	2.1

TOP 10 ISSUER LIST BY WEIGHTS

Dye & Durham Limited	4.2%
Optiva Inc	4.1%
New Flyer Holdings	3.5%
Pyxus International Inc	3.5%
Premium Brands Holdings Corp	3.5%
EG Global Finance PLC	3.3%
WildBrain Ltd	3.0%
Hertz Corp	2.6%
Tidewater Midstream and Infrastructure Ltd	2.5%
Tamarack Valley Energy	2.4%

COMPOUND PERFORMANCE



	1 Month	YTD	1 Year*	3 Year*	5 Year*	10 Year*	Incep.*
FCOF	0.9%	5.9%	6.7%	6.8%	7.3%	7.6%	6.9%
HYG 1	0.9%	7.3%	8.0%	9.0%	4.4%	4.7%	6.2%
XCB 2	1.8%	4.1%	5.0%	5.9%	1.3%	2.8%	3.8%

¹ iShares Iboxx HY Corporate Bond ETF

² iShares Core Canadian Corporate Bond Index ETF

* Annualized
Inception date June 30, 2009

RETURN CORRELATION MATRIX

	1	2	3	4	5	6
1 Fulcrum Credit Opportunities Fund (Class F)	1.00					
2 S&P 500 CAD (SPXHCD)	0.47	1.00				
3 S&P/TSX Capped Composite CAD (T00CAR)	0.58	0.82	1.00			
4 ICE BofA US High Yield Index USD (H0A0)	0.64	0.77	0.75	1.00		
5 ICE BofA US Corporate USD (C0A0)	0.39	0.48	0.51	0.70	1.00	
6 ICE BofA Canada Corporate CAD (F0C0)	0.35	0.32	0.40	0.52	0.83	1.00

Time Period: Since Common Inception - 09/30/2009

Source: Bloomberg LP



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The indices are used for broad market performance comparisons. The ICE BofA Canada Corporate Index is comprised of Canadian investment grade corporate bonds. The ICE BofA Canada High Yield Index is comprised of a basket of Canadian dollar issued high yield bonds. The ICE BofA US Corporate Index is comprised of US IG corporate bonds. The ICE BofA US High Yield Index is comprised of US High Yield bonds. The S&P 500 Index is comprised of a basket of US equities. The S&P/TSX Capped Composite is comprised of a basket of Canadian equities. The indices are presented on a total return basis.

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