

# Fulcra Credit Opportunities Fund

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Portfolio Commentary & Attribution  
MAR 31, 2025

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Return *of* Capital > Return *on* Capital



## COMMENTARY

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Dear Investors,

In our January and February commentaries we began to discuss the growing risk of political change impacting the financial markets.

We did not know the extent to which government policy uncertainty would impact asset prices, but we did believe that the prevailing market conditions (tight credit spreads and high enterprise valuations) created the potential for significant price moves to the downside.

Our cautious stance was validated in March as corporate debt index spreads blew through the trading range of the last several months and ended the month at six-month highs while North American equity indices began to free fall.

At the time of writing (mid-April) we saw the rising fear of March's market conditions hit a crescendo earlier this month. With two weeks to go, our monthly investor update is already full of interesting market anecdotes, and we expect more to come before the month is up.

Now, one might think it is time to panic. After all, the global trade war is heating up, calls for a recession are getting louder, business sentiment is declining, and asset prices are falling.

But, for those who have followed Fulcra for a while, you know that now is the time to think about deploying capital into investment opportunities. Financial markets will forever oscillate between fear and greed, and we know that assets are better priced when the person on the other side of the table feels the need to cash out their chips.

### Portfolio Update

We took the opportunity to scale into two high-quality, low leverage, Canadian energy producers in March. Both companies have relatively high coupons and will continue to pay down with cash or refinance their bonds maturing in 2027 as soon as market conditions allow.

If market conditions continue to deteriorate, we believe the operations of these companies can sustain their current debt loads without issue.

### Outlook

The current "tweet-driven" market will no doubt continue to confound investors. With a Canadian federal election on the horizon and changing American trade and economic policy creating confusion, it is impossible to forecast what the next six months may look like.

We will continue to allocate capital as the market provides us with opportunities. Our goal, as always, is to first protect your capital and second to compound that capital at an attractive rate of return.

Sincerely,

FULCRA ASSET MANAGEMENT



## Fulcrum Credit Opportunities Fund

AS OF MAR 31, 2025

### ATTRIBUTION

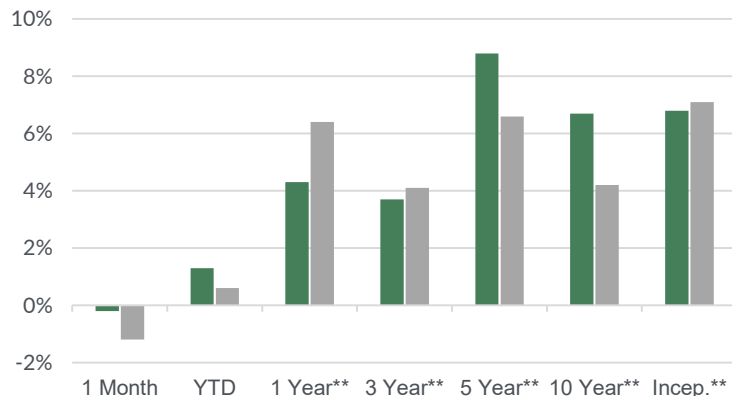
#### FUND PORTFOLIO CHARACTERISTICS

YTM (%)	10.6%
Current Yield (%)	7.5%
Distribution Yield	6.6%
12-M Distribution Yield	6.0%
Average Bond Price (\$)	95.38
Maturity (Yrs.)	3.0
Duration (Yrs.)	2.0

#### TOP 10 ISSUER LIST BY WEIGHTS

Optiva Inc	4.8%
Premium Brands Holdings Corp	4.1%
Nissan Canada Inc	3.7%
Pyxus International Inc	3.5%
EG Global Finance PLC	3.4%
Dye & Durham Limited	3.4%
Kar Auction Services Inc	3.2%
WildBrain Ltd	3.0%
CNG Holdings Inc	2.8%
BHCCN TL B 1L	2.7%

#### COMPOUND PERFORMANCE



FCOF	-0.2%	1.3%	4.3%	3.7%	8.8%	6.7%	6.8%
US HY Index*	-1.2%	0.6%	6.4%	4.1%	6.6%	4.2%	7.1%

\* ICE BofA US High Yield Index (CAD Hedged) – H0A0

\*\* Annualized since June 30, 2009

#### RETURN CORRELATION MATRIX

	1	2	3	4	5	6
1 Fulcrum Credit Opportunities Fund (Class B)	1.00					
2 S&P 500 CAD (SPXHCD)	0.46	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 - 06/30/2009

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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