Fulcra Credit Opportunities Fund

Portfolio Commentary & Attribution

AUG 31, 2026



FULCRA
ASSET MANAGEMENT INC.

COMMENTARY

Dear Investors,

The Fulcra Credit Opportunities Fund (the "Fund") returned 1.55%[1] for the month of August.

	August 2026 Return
Fulcra Credit Opportunities Fund	1.55%[1]
ICE BofA US High Yield Index	0.99%

[1] Class F units of the Fund, net of fees. Past performance is not indicative of future results.

Portfolio Update

Market Observations

High Yield bonds outperformed Investment Grade bonds once again last month due to the latter's higher duration, reflecting another month of rising government yields, and the yield protection offered in the form of higher coupons.

It was interesting to see 10+ year US government bond yields rise despite well telegraphed intervention coming from the US Treasury department. It appears that the mighty "Bond Vigilantes" of the 1980s have returned to the party.

Turning back to the credit markets, the credit spread between CCC-rated bonds and B and BB-rated bonds continues to expand.

Many market observers remain perplexed by this dynamic given the lack of a material increase in corporate bankruptcies. However, they may not be taking into account the growing horde of CEOs, bankers, lawyers and aggressive creditors, emboldened by the latest version of Claude (and a knack for reimagining the definition of common words), and utilizing the so-called "Liability Management Exercise" (LME).

LMEs are effected through mechanisms like exchange offers, tender offers, or covenant modifications, where the issuer incentivizes or negotiates with existing creditors to extend debt maturities, reduce total leverage, or lower interest expenses.

The downstream effect of these LMEs can be that the original unsecured, and sometimes even secured, creditors are left with a lower recovery rate when the eventual bankruptcy occurs, and market prices must adjust to this risk by increasing credit spreads on these debt instruments.

Fund Performance

A top driver of fund performance for the past month was our position in the post-reorganized equity of Connacher Oil and Gas Limited.

Connacher was acquired by Greenfire Resources Limited for $1.28 billion dollars after spending roughly eight years operating as a private company following two years of creditor protection. As an early adopter of SAGD (Steam-Assisted Gravity Drainage) technology, Connacher experienced some early challenges but was able to recently reach daily production of approximately twenty thousand barrels per day from its Great Divide oil sands project located 70 km's south of Fort McMurray.

Additional positive performance came from a diverse mix of companies and securities like the bonds and term loan of door and window manufacturer JELD-WEN, the term loan of the logistics company Forward Air, and the term loan of Canadian pharmaceutical company Bausch Health.

COMMENTARY

Fund Performance (continued)

Negative performance was primarily driven by our position in the bonds of Mercer International. Mercer International is a Canadian forest products company that produces market pulp, lumber, mass timber, pallets, bioenergy, and biochemicals from wood fiber.

Their second-quarter earnings call highlighted a going-concern warning in its 10-Q filing, indicating substantial doubt about the company's ability to continue operations for the next twelve months arising from the classification of its revolving credit facilities as current liabilities and potential non-compliance with leverage ratios.

While the recent market pricing of their debt has been volatile, the company is in discussions with senior note holders and other stakeholders for potential financing solutions, aiming for a comprehensive plan to support its long-term business strategy.

Outlook

We continue to see business-friendly action from the Canadian federal government and believe the Canadian natural resources sector can be a strong source of investment returns over the coming years.

Sincerely,

Fulcra Asset Management

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

Fulcra Credit Opportunities Fund

AS OF AUG 31, 2026

ATTRIBUTION

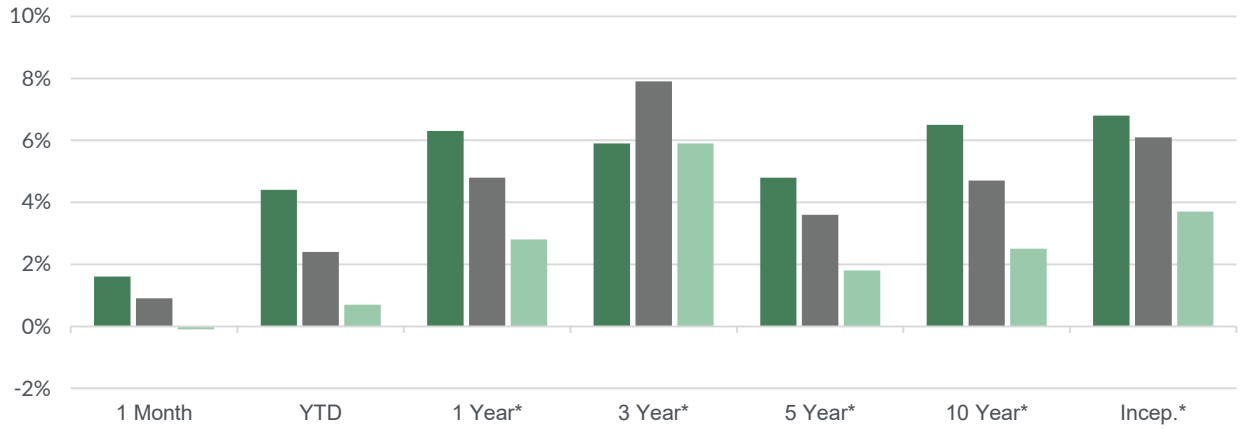
FUND PORTFOLIO CHARACTERISTICS

YTM (%)	11.8%
Current Yield (%)	8.7%
Distribution Yield	6.6%
12-M Distribution Yield	6.0%
Average Bond Price ($)	$88.63
Maturity (Yrs.)	3.4
Duration (Yrs.)	2.4

TOP 10 ISSUER LIST BY WEIGHTS

New Flyer Industries Inc	5.4%
Office Properties Trust	4.8%
Bausch Health	4.7%
Jeld-Wen Inc	4.5%
Pyxus International Inc	4.2%
Getty Images Inc	4.1%
Qvantel Oy	3.7%
Wolfspeed Inc	3.5%
Conduent Bus Services	3.3%
Clue Opco LLC	3.0%

COMPOUND PERFORMANCE



	1 Month	YTD	1 Year*	3 Year*	5 Year*	10 Year*	Incep.*
FCOF	1.6%	4.4%	6.3%	5.9%	4.8%	6.5%	6.8%
HYG [1]	0.9%	2.4%	4.8%	7.9%	3.6%	4.7%	6.1%
XCB [2]	-0.1%	0.7%	2.8%	5.9%	1.8%	2.5%	3.7%

* Annualized
Inception date June 30, 2009

[1] iShares Iboxx HY Corporate Bond ETF
[2] iShares Core Canadian Corporate Bond Index ETF

RETURN CORRELATION MATRIX

		1	2	3	4	5	6
1	Fulcra 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)	0.57	0.80	1.00			
4	ICE BofA US High Yield Index USD (H0A0)	0.64	0.77	0.74	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	0.33	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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