Core Fixed Income Team

FIXED INCOME **CHATTER**

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Over the last few months, the Federal Reserve (Fed) has restarted its cutting cycle while the Bank of Canada (BoC) has ended its own. At the same time, economic data in both countries has shown resiliency while inflation has remained elevated. In Canada, employment has rebounded from a summertime lull, causing the unemployment rate to decline. Furthermore, recent GDP readings have blown past expectations. Revisions to the last three years have been dramatically upgraded, pointing to an economy on much better footing than was previously thought. This has increased pricing for the BoC where markets are now getting prepared for rate hikes in the future.

Given the above, Canadian yields have moved higher while U.S. bonds have traded relatively flat over the last 2 months. Reiterating, this reflects a BoC that has reached the lower bound of it's rate cuts while the Fed is still prepared to cut rates given its higher starting point.

In the U.S., October 10 was a pivotal day as tariff escalation by the U.S. administration triggered a sharp risk-off move in equities and a flight to safety in bonds. The U.S. 10-year yield fell below 4% for the second time this year, revisiting April's "Liberation Day" lows. Later in the month, both the BoC and the Fed cut policy rates by 25 bps on October 29. Post-meeting, yields moved higher, with U.S. bonds underperforming relative to Canada.

The U.S. federal government shutdown, the longest in history at 43 days, finally ended on November 12th. The extended closure created significant disruptions, and there's been a noticeable lag in economic data as agencies work to catch up on reporting. Early indicators have been somewhat mixed, with a better-than-expected nonfarm payroll print driven primarily by gains in healthcare and food services. While these sectors provided a boost, the overall economic picture remains clouded by uncertainty following the prolonged shutdown.

Markets continue to weigh the trajectory of monetary policy against a backdrop of uneven economic data and geopolitical uncertainty. With central banks diverging in tone, we expect relative value opportunities to persist. Our focus remains on tactical duration management and active risk control to capture volatility while protecting downside.

Portfolio performance was positive throughout, supported by tactical positioning across duration and cross-market spreads. While credit markets traded flat, our active management helped navigate a month marked by heightened volatility and shifting macro signals. We maintained a short Canada and long U.S. duration stance for most of the month, reflecting relative value opportunities. As U.S. bonds rallied mid-month, we tactically removed the long U.S. exposure to lock in gains. Credit positioning remained defensive, given elevated event risk—including the U.S. government shutdown, tariff headlines, and central bank meetings.

Fund Positioning

Allocation (%) • as of 11/30/2025				
Asset Class	**Dynamic Total Return Bond Fund**		**Dynamic Tactical Bond Private Pool**	
Cash & FRNs	4.0		15.4	
Federal Govt Bonds	36.2		23.6	
Provincial Govt Bonds	19.2		18.9	
RRBs & U.S. TIPS	0.0		0.0	
Corporate Bonds (Cdn)	36.4		38.9	
Corporate Bonds (US)	2.4		1.4	
HY Bonds (Foreign/Cdn)	0.4	1.4	0.4	1.4

Duration (Years)	5.79	5.86
YTM (%)	3.33	3.31
Ave. Credit Rating	AA-	A+

Source: FTSE, Dynamic Funds, Indices are not managed and it is not possible to invest directly in an index

Fund Performance

Compounded Returns Net of Fees (%) • as of 11/30/2025	1mth	3mth	6mth	YTD	1 Yr	3 Yr	5 Yr	10 Yr	SI
Dynamic Total Return Bond Fund									
Series F	0.33	2.87	3.53	4.59	3.53	4.12	(0.22)	1.81	2.67
Inception date: August 31, 2010									
Dynamic Tactical Bond Private Pool									
Series F	0.34	2.92	3.60	4.72	3.67	4.20	(0.14)	1.81	1.82
Inception date: March 9, 2015									
FTSE Cdn. Un. Bd.	0.27	2.87	2.56	3.97	3.25	4.37	(0.02)	2.14	-