

Credit Liquid Alternatives

Dynamic Credit Absolute Return Fund

Dynamic Credit Opportunities Fund

September 2025 Commentary

Highlights

Credit spreads held steady in September, even as the market digested a wave of new issuance. Historically, September has been one of the busiest months for supply and 2025 was no different. Investors continued to aggressively purchase corporate bonds at a fast pace, taking advantage of the current attractive all-in-yield environment ahead of potentially more interest rate cuts by the Central Banks in the coming months.

For our mandates, the focus continues to be on credit selection as the primary driver of durable performance. Even with a supportive technical backdrop, the team remains disciplined, emphasizing capital preservation and thoughtful credit selection in today's tight spread environment.

Dynamic Credit Absolute Return Fund (DCARF)

DCARF (series F) delivered a solid return of 0.50% in September, lifting its year-to-date performance above 5%. This positive outcome was achieved despite maintaining a more defensive stance in the mandate. Given the attractive valuation, credit insurance protection (CDX) was added during the month to mitigate, though not fully eliminate, credit exposure.

Securitized products were introduced into the portfolio in 2025 and now represent over 10% of the fund's total value. This new allocation provides enhanced diversification and incremental yield for investors. Our securitized product allocation involves Credit Risk Transfer (CRT) programs by government-sponsored entities Fannie Mae and Freddie Mac to transfer mortgage credit risk to private investors. Our exposure in these products has primarily focused on the more senior tranches that offer greater protection in the event the collateral pool begins to experience losses.

More than half of the fund's assets have been allocated to short-duration, yield-to-call high-yield bonds, with a focus on well-capitalized issuers. This positioning supports risk mitigation while maintaining income generation. During the month, several of our lines in this strategy were called and we were able to successfully replace these exposures at attractive levels during periods when the market sold off.

DCARF Key Stats	Q4-23	Q2-24	Q4-24	Q2-25	09-25
Credit Risk Duration (Years)	-2.49	-2.71	-4.08	+5.30	+4.00
Interest Rate Duration (Years)	+0.03	+0.64	+0.67	+1.99	+1.41
Yield To Maturity (YTM)*	6.40%	5.74%	4.35%	5.11%	5.39%

Source: 1832 Asset Management L.P. as of 09/30/2025. *YTM before cost of borrow.

Dynamic Credit Opportunities Fund (DCOF)

DCOF (Series F) returned 0.42% in September, bringing year-to-date performance to the 6% mark. We increased credit hedges in September to limit the portfolio's exposure to broad market moves allowing us to concentrate performance on specific credit selections. Our credit protection in the fund currently involves a mix of CDX High Yield swaps at approximately 22% of AUM and HYG put spreads with expiries extending into early 2026.

During the month, the fund realized gains from its position in Nabors following its successful deleveraging event, added a 10.50% coupon bond from Bonterra Energy after in-depth due diligence, and invested in Echostar spectrum-secured bonds following its announced transaction with SpaceX. These steps aim to reduce market-driven risk and emphasize opportunities where we see the most compelling value.

Additional investments were made in several new issues during the month where concessions were highly visible offering good potential for gains in secondary market trading. Overall positioning remains skewed towards higher quality issuers, with stable earnings profiles and attractive valuations.

DCOF Key Stats	Q4-23	Q2-24	Q4-24	Q2-25	09-25
Credit Risk Duration (Years)	+1.69	+2.09	+3.06	+2.70	+3.12
Interest Rate Duration (Years)	+2.85	+3.28	+4.67	+3.47	+4.21
Yield To Maturity (YTM)	6.82%	6.35%	6.69%	6.27%	6.93%

Source: 1832 Asset Management L.P. as of 09/30/2025. *YTM before cost of borrow.

Market Outlook

We remain mindful that overall yields are still attractive for many investors, which will keep credit spreads tight for the time being. Strong market technicals continue to be supportive for valuations, but this strength must be considered against growing political uncertainty in the United States. Recent economic releases from North America, particularly employment data, have come in below expectations and remain an area of focus.

We are not seeking outsized short-term gains. In contrast, we remain focused on avoiding weaker credits and putting capital preservation first. Rather than taking a defensive position, we are emphasizing disciplined underwriting, careful security selection, and patience as we wait for a better risk and reward environment to adopt a more aggressive stance in the portfolios.

Thank you for your interest and support,

The Dynamic Specialized Credit Team

Compounded Returns net of fees (%) as of September 30, 2025									
Dynamic Credit Absolute Return Fund									
	1 month	3 months	6 months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception*
Series A	0.44	1.36	4.10	4.60	5.95	5.72	4.06	3.74	4.02
Series F	0.50	1.45	4.48	5.27	6.67	6.63	5.00	4.76	5.04
Dynamic Credit Opportunities Fund									
	1 month	3 months	6 months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Series A	0.34	1.85	3.67	5.25	5.99	-	-	-	7.31
Series F	0.42	2.00	4.11	5.98	6.86	-	-	-	8.24

Source: 1832 Asset Management L.P. as of September 30, 2025. *Performance from January 2, 2014, to August 1, 2019 is that of the Dynamic Credit Absolute Return I Fund which was distributed pursuant to an exemption from the prospectus requirement. Performance from August 2, 2019 to November 17, 2023 is that of Dynamic Credit Absolute Return II Fund which was qualified under a simplified prospectus., inception date for DCOF: 09/25/2023.

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Commissions, trailing commissions, management fees and expenses all may be associated with mutual funds, including ETFs. Please read the prospectus before investing. The indicated rates of return are the historical annual compound total returns including changes in unit values and reinvestment of all distributions does not take into account sales, redemption or option changes or income taxes payable by any security holder that would have reduced returns. Mutual funds and ETFs are not guaranteed, their values change frequently and past performance may not be repeated.

Series A units are available for purchase to all investors, while Series F units are only available to investors who participate in eligible fee-based or wrap programs with their registered dealers. Differences in performance between these series are primarily due to differences in management fees and fixed administration fees. Performance results for Series F units may also appear higher than for Series A units as the management fee does not include the trailing commission.

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