

# Credit Liquid Alternatives

Dynamic Credit Absolute Return Fund

Dynamic Credit Opportunities Fund

## November 2025 Commentary

### Highlights

November saw modest volatility in the equity markets amid earnings releases from major AI-focused large-cap companies, though this was insufficient to deter investors. In the high-yield market, performance divergence emerged as lower-quality bonds underperformed significantly following earnings disappointments or idiosyncratic headlines. However, these developments had limited impact on the broader high-yield universe, where most securities remained relatively stable.

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 return of 0.29% in November, bringing year-to-date returns to nearly 6%.

Following the completion of the acquisition of MEG Energy by Cenovus our MEG bonds were called at a premium to par. We held a material weight in the fund and were happy to carry the bonds until retirement.

Over the last few months, we have reduced our allocation to leveraged investment-grade corporate bonds, reflecting the current low credit spread environment and replaced some of this exposure with high-quality structured products in the United States. We also increased the allocation to short-duration, yield-to-call high-yield bonds which provide positive optionality should the issuers refinance before maturity. These changes deliver attractive yields while prioritizing liquidity and capital preservation. The short maturity spectrum and monthly prepayment structures provide natural liquidity, allowing us to deploy additional capital as new opportunities arise. The net leverage decreased by 0.1x during the month.

DCARF Key Stats	Q4-23	Q2-24	Q4-24	Q2-25	09-25	11-25
Credit Risk Duration (Years)	-2.49	-2.71	-4.08	+5.30	+4.00	+4.10
Interest Rate Duration (Years)	+0.03	+0.64	+0.67	+1.99	+1.41	+1.50
Yield To Maturity (YTM)*	6.40%	5.74%	4.35%	5.11%	5.39%	5.50%

Source: 1832 Asset Management L.P. as of 11/30/2025. \*YTM before cost of borrow.

## Dynamic Credit Opportunities Fund (DCOF)

DCOF (Series F) returned 0.43% in November, bringing year-to-date returns close to 6.90%.

Following the completion of the acquisition of MEG Energy by Cenovus our MEG bonds were called at a premium to par. We held a material weight in the fund and were happy to carry the bonds until retirement. The early call premium came as a welcome surprise alongside the end of a storied Canadian high-yield issuer.

During November it was also announced that our Greenfire Energy 12% 2028 bonds would be called at \$106 following a rights offering. We have been invested in these bonds since issuance at \$98. We're pleased with the outcome of being called out at a significant premium and will continue to benefit from the position until its call date in mid-December. Our investment in Greenfire's bonds reflects the attractive returns identified by our intensive research process where we can identify opportunities that are often overlooked by crowds who are more focused on efficiently priced "on-the-run" issuers.

We moderately reduced our energy sector overweight during the month via the sale of expensive and less-convex lines. Proceeds were mainly invested in yield-to-call opportunities offering favorable risk-reward and attractive liquidity profiles that allow us to deploy capital should new opportunities arise. 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	11-25
Credit Risk Duration (Years)	+1.69	+2.09	+3.06	+2.70	+3.12	+2.87
Interest Rate Duration (Years)	+2.85	+3.28	+4.67	+3.47	+4.21	+3.79
Yield To Maturity (YTM)	6.82%	6.35%	6.69%	6.27%	6.93%	7.32%

Source: 1832 Asset Management L.P. as of 11/30/2025. \*YTM before cost of borrow.

## Market Outlook

Market technicals remain broadly supportive of valuations, despite recent underperformance in select segments of the high-yield market. This dynamic suggests that overall investor confidence and liquidity conditions in credit remain intact at this stage. However, continued weakness across additional areas of the credit market could attract increased attention from investors and market participants.

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 November 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	0.23	0.95	2.63	5.13	5.80	5.08	3.85	3.72	4.00
Series F	0.29	1.15	2.95	5.94	6.55	5.97	4.77	4.76	5.03
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	1.01	3.85	5.95	6.72	-	-	-	7.06
Series F	0.43	1.26	4.27	6.86	7.67	-	-	-	7.99

Source: 1832 Asset Management L.P. as of November 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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