

# LDI Corporate Bond Strategy

**Inception Date**  
July 1, 2014

**Performance Benchmark**  
Customized benchmark<sup>1</sup>

**Currency**  
CAD

## Strategy Description

The LDI Corporate Bond Strategy seeks to provide liability-aware investors with efficient exposure to Canadian corporate credit. The strategy targets diversification beyond that of passive long corporate exposure by investing primarily in the mid- and long-term corporate segments of the term structure, with flexibility to add value through security selection and sector allocation. The strategy seeks to achieve benchmark-like returns while protecting capital by avoiding securities that have a higher probability of downgrade and/or default and by focusing on high-quality securities while actively managing credit risk. The LDI Corporate Bond strategy is commonly used as a building block in broader liability-driven investment (LDI) solutions managed and overseen by the Fixed Income Solutions team.

## What Is a Liability-Driven Investment?

A liability-driven investment (LDI) is an investment approach that seeks to support future financial obligations with income-producing assets. It is commonly used by liability-focused institutional investors such as defined benefit pension plans and insurance companies to manage cash flows and mitigate interest rate risk.

## Highlights

<b>Style</b>	Active security selection
<b>Process</b>	Integration of bottom-up credit research and top-down analysis
<b>Duration</b>	8–12 years
<b>Strategy AUM</b>	\$264 Million (As at March 31, 2026)

## Investment Approach Summary

- 1 Diligent monitoring of credit markets and macroeconomic factors
- 2 Fundamental credit research and analysis
- 3 Security and sector selection
- 4 Duration neutral relative to the benchmark
- 5 Ongoing monitoring

## Why Invest in this Strategy

- Building block to construct portfolios that provide targeted duration and credit exposure (e.g., to match a pension plan liability structure)
- Flexible multi-discipline approach with an emphasis on credit research and issuer selection
- Improved liquidity and diversification of term exposures vs. long-term corporate index
- Diversified, high-quality Canadian corporate bond exposure
- Active credit management focused on capital preservation

## Performance (%)

As of March 31, 2026

PER PERIOD AND CALENDAR YEAR PERFORMANCE											
	Q1 2026	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Portfolio</b>	0.05	3.76	6.09	10.68	-15.53	-2.19	11.11	12.23	0.06	6.97	6.25
<b>Benchmark<sup>1</sup></b>	0.02	3.65	5.94	10.54	-15.61	-2.14	11.24	12.00	0.18	7.06	5.43
<b>Added Value</b>	0.02	0.11	0.15	0.14	0.08	-0.05	-0.12	0.24	-0.12	-0.09	0.82

  

ANNUALIZED PERFORMANCE											
	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	9 Years	10 Years	SI
<b>Portfolio</b>	1.78	5.61	5.48	3.26	1.52	2.61	2.40	2.86	3.04	3.32	3.71
<b>Benchmark<sup>1</sup></b>	1.62	5.50	5.33	3.15	1.43	2.52	2.35	2.81	3.00	3.23	3.65
<b>Added Value</b>	0.16	0.12	0.15	0.11	0.09	0.09	0.05	0.05	0.04	0.09	0.06

Past performance is not a guarantee or indicator of future results. Inherent in any investment is the risk of loss.

Presented gross of management fees.

YTD = Year to Date; SI = Since Inception.

1. Customized benchmark: 90% blend of FTSE Canada Corporate Bond sub-indices (FTSE Canada Mid-Term Corporate Bond Index and FTSE Canada Long-Term Corporate Bond Index), 10% FTSE Canada Long-Term Provincial Bond Index. The respective weights of the sub-indices are set at the beginning of each month in order to match the duration of the Fund.

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## Risk/Return Analysis (%)

	Portfolio	Benchmark
Annualized return (%)	3.71	3.65
Beta	1.00	1.00
Standard deviation (%)	7.95	7.92
Annualized Tracking Error vs Benchmark (bps)	23	n/a
Information ratio	0.25	n/a
Sharpe ratio (1.78% <sup>3</sup> )	0.24	0.24

Composite, Since inception  
3. Risk-free rate of return

## Portfolio Structure – Duration

	Portfolio	Benchmark	Difference
Yield (%)	4.72	4.73	-0.01
Modified duration	9.95	9.95	0.00
<b>Weighted Modified Duration by Sector</b>			
Cash and money market	0.00	0.00	0.00
Canada	0.00	0.00	0.00
Provincials and Municipals	1.42	1.41	0.01
Corporates	8.54	8.55	-0.01
Communication	0.84	0.78	0.06
Energy	3.10	3.28	-0.18
Financials	0.68	0.73	-0.05
Industrials	0.59	0.65	-0.06
Infrastructure	3.11	2.92	0.19
Real Estate	0.22	0.19	0.03
Securitization	0.00	0.00	0.00
<b>Weighted Modified Duration by Term</b>			
Short (1 to 5 years)	0.32	0.03	0.29
Mid (5 to 10 years)	1.68	2.40	-0.72
Long (> 10 years)	7.95	7.52	0.43

## Portfolio Positioning (%)<sup>4</sup>

### Sector Allocation

Sector	Portfolio	Benchmark
Cash/Short Term	0	0
Federal	0	0
Provincial/Municipal	10	10
Corporate	90	90

### Corporate Sector Allocation

Sector	Portfolio	Benchmark
Communication	9	9
Energy	32	33
Financials	11	10
Industrials	6	7
Infrastructure	28	27
Real Estate	4	3
Securitization	0	0

### Curve Positioning

Duration	Portfolio	Benchmark
< 5 years	8	0
5 to 10 years	28	39
> 10 years	64	61

### Credit Rating Allocation

Rating <sup>5</sup>	Portfolio	Benchmark
AAA	0	0
AA	1	3
A	53	50
BBB	46	47
BB	0	0

4. Totals may not sum to 100% due to money market holdings, non-rated securities or rounding.

5. Rating is based on the FTSE methodology.

## Portfolio Management Team

Team member	Role	Experience
Philippe Ouellette, MSc, CFA	Senior Portfolio Manager	1995
Jeff Seaver, BA, CFA	Portfolio Manager	1990
Nicolas Normandeau, MSc, CFA	Portfolio Manager	2003
Jasper Beerepoot, MBA, MSc	Portfolio Manager	2010

Credit research and bond trading execution are supported by one associate portfolio manager and two analysts.

2. Customized benchmark: 90% blend of FTSE Canada Corporate Bond sub-indices (FTSE Canada Mid-Term Corporate Bond Index and FTSE Canada Long-Term Corporate Bond Index), 10% FTSE Canada Long-Term Provincial Bond Index. The respective weights of the sub-indices are set at the beginning of each month in order to match the duration of the Fund.

Please refer to the **Important information** section at the end of this document for more information.

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