

The fund.

The Fund continued its run of strong performance with a solid result of 4.87% for the quarter. While we reduced the portfolio duration, the fund benefitted from having the rate exposure concentrated in short-end yields (which outperformed). The returns were further enhanced through our credit positioning and execution of tactical trading strategies.

F Class Returns: Q3: 4.68%; YTD: 7.85%

Interest rates.

Q3 was all about the cuts. The BoC followed their inaugural June move with two more 25 bps reductions in July and September. The Fed also joined the party, kicking off their campaign with a ‘jumbo’ 50 bps cut toward the end of the quarter.

With the cutting cycle officially underway on both sides of the border, rates rallied, and yield curves steepened. Based on what’s priced in, the market expects the cuts to end in Q3 2025 with policy rates of 2.5-2.75% in Canada and 2.75-3% in the US.

Over the quarter,

- Canadian 2y finished at 2.91% (-108 bps) and the 10y at 2.96% (-55 bps)
- US 2y finished at 3.64% (-111 bps) and the 10y at 3.78% (-62 bps)

Credit.

Credit markets waxed and waned before catching a bid and rallying into the end of the quarter. Supply continued to remain robust, even through the typically quiet summer months. But while supply was strong, demand was stronger, as fixed income continued to see strong inflows.

Over the quarter,

- Canadian investment-grade spreads tightened 6 bps to 116 bps
- US investment-grade spreads tightened 5 bps to 89 bps
- High yield spreads were unchanged at 333 bps

Looking ahead.

The opportunity in rates has shifted from outright duration to ‘trading the range’. We expect the market to overreact to each data point and are positioned to capitalize on the volatility.

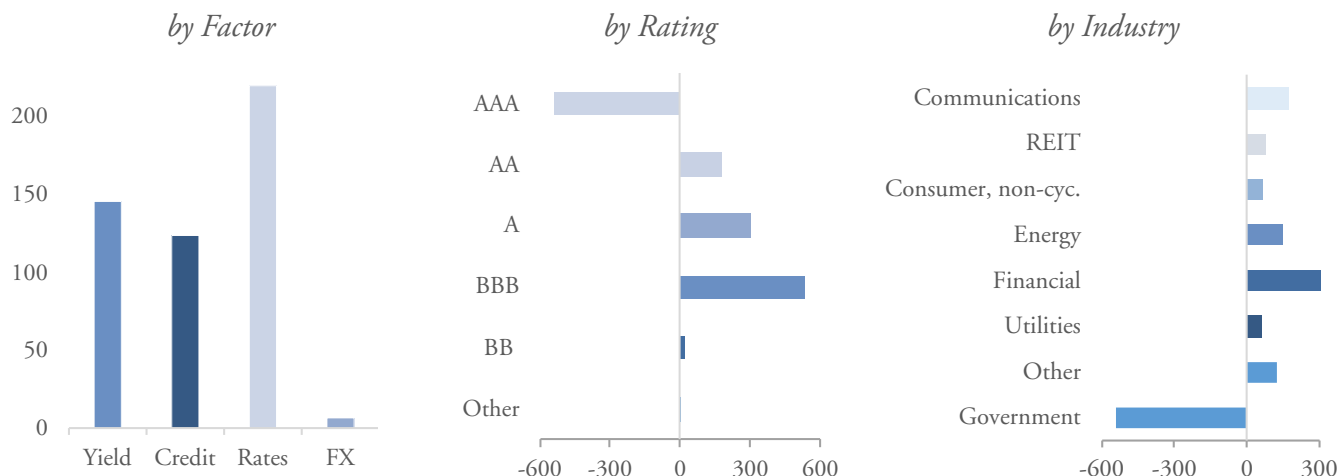
In terms of credit, the technicals appear to support spreads. Supply is expected to slow down, and demand should increase as investors rotate out of cash into fixed income. Against this, we have the backdrop of economic uncertainty, the US election (political uncertainty), and geopolitical risk. Accordingly, we continue to focus on high-quality issuers and maintain flexibility in the portfolio to adapt to changing market conditions.

Fund performance. *All data as at September 30, 2024*

Returns (F Class)

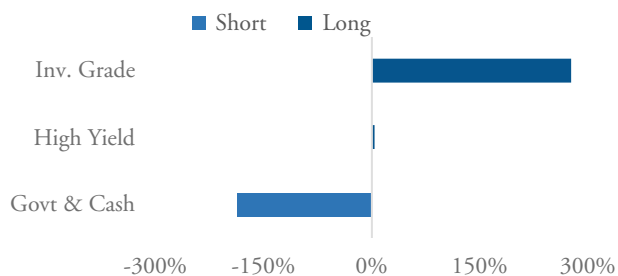
1 month	3 month	6 month	YTD	1 year	2020	2021	2022	2023
2.05%	4.68%	6.25%	7.85%	15.74%	10.53%	2.42%	-6.15%	9.75%

Return attribution (*basis points*)



Portfolio summary. *All data as at September 30, 2024*

Portfolio Breakdown (*net exposures*)

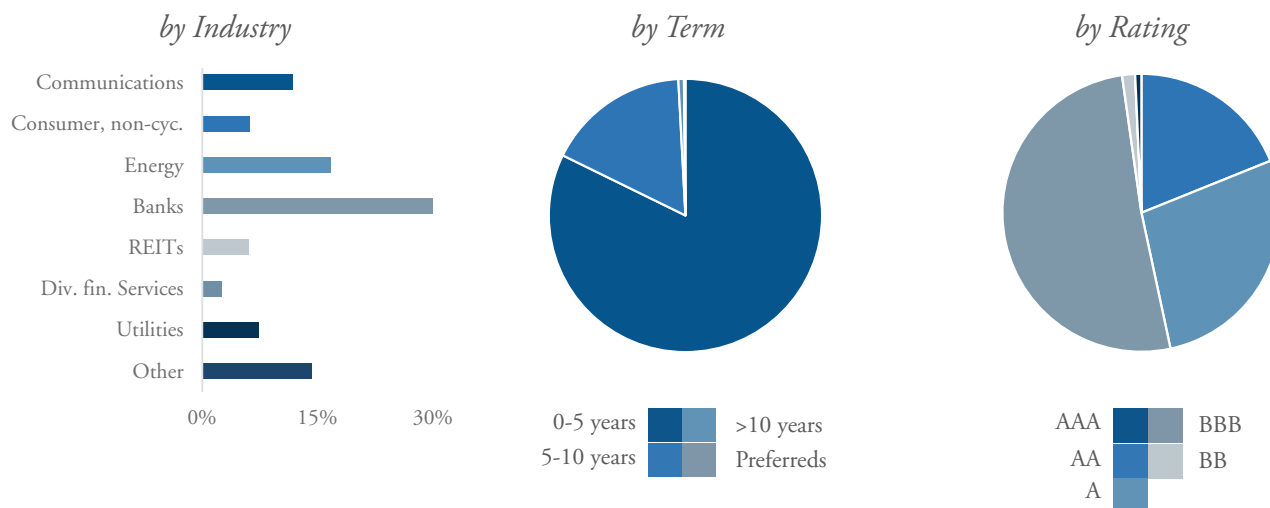


Key Metrics

Portfolio Yield	Interest Rate Duration	Average Term	CR01	Leverage
5.4%	2.5 yrs	3.4 yrs	8.2 bps	2.0x

Portfolio Yield is the weighted average aggregate yield net of borrow cost; IR Duration is an estimate of portfolio sensitivity to 1% change in interest rates; Average Term is weighted average term to maturity of long positions; CR01 is an estimate of portfolio sensitivity for a one basis point change in credit spreads across all credit positions; Leverage based on short positions and borrowed cash as per National Instrument 81-102.

Long Exposures



Top 10 Holdings

WFC 2.568 05/01/26

ENB CCP 0 10/03/24

HNDA float 06/29/26

ENB CCP 0 10/01/24

FCLCAN 3.917 06/17/25

BNS 4.95 08/01/34

ALACN 3.84 01/15/25

BAC 3.615 03/16/28

BNS 2.95 03/08/27

GS 2.599 11/30/27

The information provided in this document is not investment or financial product advice and is not intended to be used as the basis for making an investment decision. This document is not, and does not constitute, an offer to sell or the solicitation, invitation or recommendation to purchase any securities. The information provided may be subject to change and Algonquin does not undertake any obligation to announce updates or changes to the information presented in this document. Algonquin Fixed Income 2.0 Fund is an Alternative Mutual Fund. Investors should read the Simplified Prospectus, Annual Information Form, and Fund Facts Documents and consult their registered investment dealer before making an investment decision. Commissions, trailing commissions, management fees and operating expenses all may be associated with mutual fund investments. An Alternative Mutual Fund is not guaranteed, its value changes frequently and its past performance is not indicative of future performance and may not be repeated. Payment of quarterly distributions is not guaranteed and paid at the discretion of the manager, therefore, it may vary from period to period and does not infer fund performance or rate of return.