RPIA
Global Fixed Income Experts

Ready for Takeoff:
The Opportunity in Bonds

We believe it is the right time for investors who are underweight a core bond position to increase their allocation and take advantage of this opportunity with RP Strategic Income Plus Fund ("RP STIP").

Following the softening in policy stance from the Bank of Canada, domestic bond yields have moved lower in recent weeks, and we see signs of potential stabilization at home. South of the border, the US market raised its overnight rate by 75pbs on November 2nd, and has now priced in another 125bps of rate hikes by early 2023, increasing the expected terminal rate to over 5.25%.

We believe interest rates are now sufficiently restrictive to slow the economy and the income opportunity is very compelling while providing significant safety for investors today.

All-In Yields are at the Highest Levels Since the Great Financial Crisis
(FTSE Canada Universe Bond Yield)

Source: FTSE Russell PC Bond. Data as of October 31, 2022.

It is impossible to conclude that we are at the proverbial "bottom" as short-term risks and inflation continue to remain elevated, but we believe the potential upside far outweighs the downside at this point, and investors who do not get back in now may regret doing so.

That said, we do not think investors should be extending duration risk blindly using a passive allocation. Instead, we believe that investors can use a highly active approach to capture these extraordinarily attractive all-in yields without taking undue risks.

Positioning RP STIP for an Optimal Offense Moving Forward

The recent dislocations in credit spreads across the investment grade universe, and the continued volatility in rates has allowed us to put our offense back onto the field. But this doesn't mean we are blindly buying the highest-yielding bonds. Instead, we are aiming to optimize our portfolios and capture higher yields per unit of risk while taking advantage of what we view as the subtle mispricings in the market.

The table below illustrates what this looks like versus the broader bond universe:

	YT M per Unit of Duration Risk	Yield-to-Maturity (YTM)	Interest Rate Sensitivity (Duration)	Average Credit Quality	YTD Performance
RP Strategic Income Plus Fund	**1.3x**	**5.3%**	**4.1 yrs**	**BBB+**	**-6.6%**
Canadian Universe	0.6x	4.3%	7.5 yrs	AA/AA-	-12.7%
Global Investment Grade Universe	0.9x	5.6%	6.1 yrs	A-/BBB+	-17.5%

Source: RPIA, FTSE Russell, Bloomberg. Data as of October 31, 2022. RP Strategic Income Plus Fund (Class F), "Canadian Universe" is represented by the FTSE Canada Universe Bond Index, "Global Investment Grade Universe is represented by the Bloomberg Global Corporate Investment Grade Bond Index Hedged (CAD).

RP STIP currently provides a higher yield relative to the interest rate risk (duration) it assumes, compared to the Canadian and Global Investment Grade Universes. In other words, we are taking advantage of all-in yields available today without sacrificing much in the way of credit quality or taking undue interest rate risk.

We believe that this sets up the fund to provide a more asymmetric return profile, irrespective of where we might be in the tightening cycle. Moreover, these attributes are seen as contributing to increased investor confidence to come back into the bond market and capture what we believe is a noticeable upside of bond yields reverting to lower averages in the coming 12 months if inflation slows or central bank policy starts to come off its aggressively hawkish stance.

Forward Outcomes are Skewed to the Upside

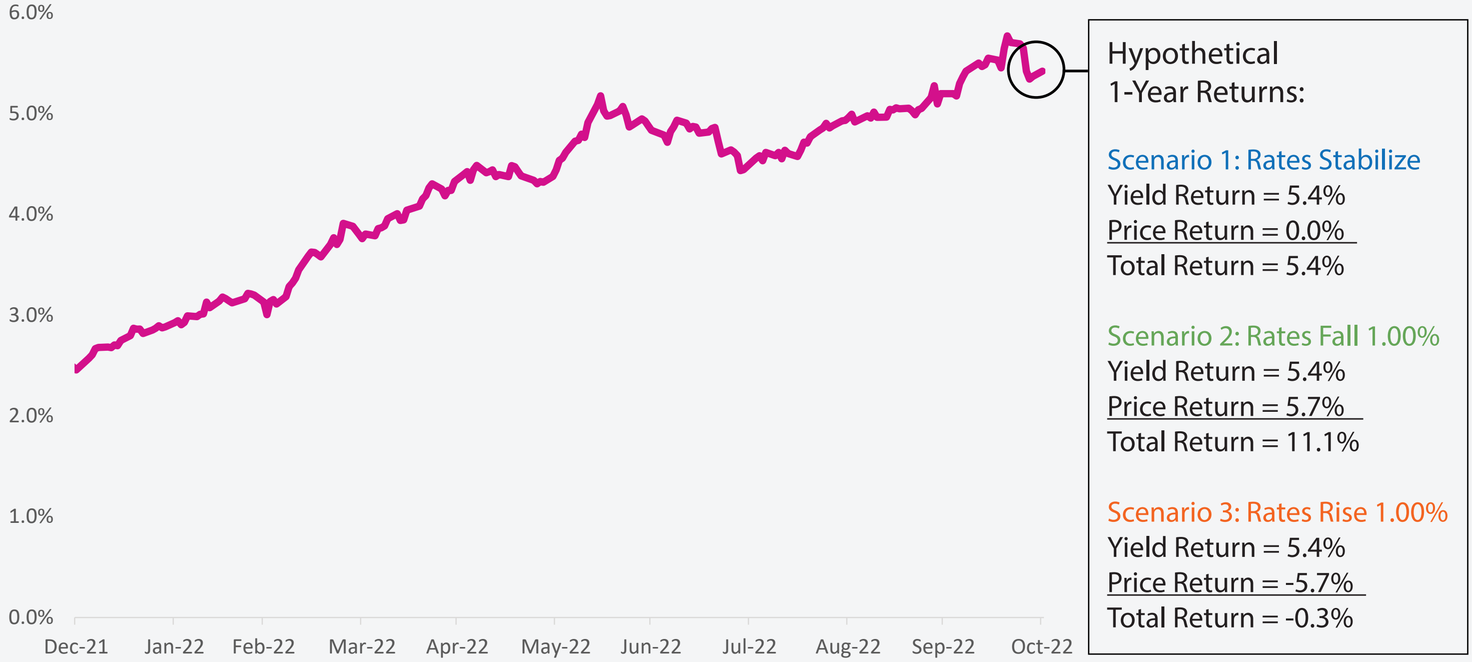
In our base case analysis, we view investment grade bond yields as largely being range-bound for the next 2-3 quarters and representing excellent value at current levels. Let's look at a few simple scenarios to illustrate why this is the case:

1. Rates Stabilize
   The yield to maturity of a fixed income portfolio could provide a return more attractive than GICs/cash deposits while allowing for additional return opportunities from credit selection.

2. Rates Fall
   If yields move lower as the chance of recession risk increases or it materializes and causes an easing in hawkish language from central banks, a fund could rally notably. In such a scenario, the combination of coupons and lower market yields could lead to capital gains and approach double-digit returns over the next 12 months, depending, of course, on the path of credit spreads.

3. Rates Rise
   A further rise in rates would be less ideal, but our belief is that current yields are high enough to provide a substantial cushion for investors. For example, a current 2-year investment grade portfolio that yields 6% per year, or 0.5% per month, would need to see a combination of bond yields and credit spreads rise by over 3% before it endures a loss over the next 12 months. We think that scenario is unlikely at this point in the cycle.

Understanding the Impact of Higher Rates: FTSE Canada All Corporate Bond Yield



Source: FTSE Canada All Corporate Bond. Data as of October 31, 2022.

This Same Flexibility Can Enable Us to Protect Capital

Our highly active investment team has the tools necessary to effectively implement high conviction views agnostic of any benchmark.

Year-to-date, we have taken a commonsense approach to reduce risk and conservatively positioned ourselves to protect capital.

First, we reduced our interest rate exposure across the portfolio and accepted a lower yield and fewer return opportunities. This turned out to be very prudent and allowed us to protect against higher bond yields that caused lower bond prices.

Second, we conservatively managed credit risk within the portfolio and elected to grind out incremental returns through active credit selection and relative value opportunities. This allowed us to be less correlated to broad credit markets and helped protect capital when credit spreads widened.

The ability to manage rate risk and credit risk separately allowed us to outperform broad Canadian bonds by +6.1% and global investment grade bonds by +10.9% YTD (net of fees).

We believe investors who have been sitting on the sidelines or are underweight a core bond position could benefit significantly from increasing their allocation at this point in the tightening cycle.

RP STIP is a highly active strategy that invests in developed market investment grade credit, and we believe it can take advantage of the recent market volatility to capture attractive all-in yields and provide compelling returns moving forward.

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Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Indicated rates of return include changes in share or unit value and reinvestment of all dividends or distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any security holder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

Performance presented for RP Strategic Income Plus Fund is for Class F of the respective fund. Class F units do not include embedded sales commissions, which results in higher performance relative to Class A units of the fund.

The index performance comparisons presented are intended to illustrate the historical performance of the indicated fund with that of the specified market indices over the indicated period. The comparison is for illustrative purposes only and does not imply future performance. There are various differences between the fund and indices that could affect the performance and risk characteristics of each. Market indices are not directly investable and index performance does not account for fees, expense and taxes that might be applicable to an investment fund.

Trailing Returns[1]	3-Mo	6-Mo	YTD	1-Yr	3-Yr	5-Yr	Since Inception[2]
RP Strategic Income Plus Fund (Class F)	-3.35%	-1.73%	-6.60%	-6.36%	0.67%	1.64%	2.81%

[1] *Source: RPIA, FTSE Russell, Bloomberg. Data as of Oct. 31st, 2022.*

[2] *RP STIP Inception = April 2016.*

November 2nd, 2022