Strategic Income Management
Common Sense & Repeatable

SiM High Yield Update

April 2026

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2026 Performance

Performance Summary

Total Returns

	1 MO	3 MO	YTD	1 YR	3 YR	5 YR
Candoris SiM US High Yield Fund - USD Gross	-0.82%	0.77%	0.77%	9.43%	9.59%	6.11%
Candoris SiM US High Yield Fund - USD Net	-0.88%	0.58%	0.58%	8.62%	8.75%	5.26%
ICE BofAML US High Yield Index	-1.19%	-0.55%	-0.55%	6.90%	8.49%	4.19%
Morningstar High Yield Category	-1.17%	-0.51%	-0.51%	6.60%	7.89%	3.88%
Candoris SiM US HY Fund- Euro Hedged Net	-1.06%	0.09%	0.09%	6.17%	6.62%	3.28%
ICE BofAML US High Yield Index- Euro Hedged	-1.39%	-1.03%	-1.03%	4.52%	6.35%	2.17%

Bond Rating Returns

Rating	Q1 2026 Performance
BB	-0.38%
B	-0.38%
CCC and below	-2.21%

Performance Attribution
12/31/2025–3/31/2026

Attribution Summary

Sector Allocation	0.63%
Issue Selection*	0.77%
Cash	0.02%
Other	-0.10%
Total vs Benchmark Gross	1.32%

Sector Allocation 0.63%

Allocation decisions-top positive contributors	
(O) Energy	0.17%
(O) Healthcare	0.10%
(O) Real Estate	0.06%

Allocation decisions-top negative contributors	
(U) Telecommunications	-0.06%
(U) Utility	-0.02%
(U) Banking	0.00%

Issuer Selection 0.77%

Issue selection impact-top positive Sectors	
Energy	0.51%
Capital Goods	0.09%
Financial Services	0.08%

Issue selection impact-top negative Sectors	
Real Estate	-0.08%
Media	-0.02%
Automotive	0.00%

- Energy was the top-performing sector during the quarter as oil prices rose following the escalation of the Iran conflict
- An overweight to Healthcare contributed the fund is primarily exposed to lower-volatility, higher-rated subsectors such as Health Facilities, Services, and Medical Products vs Pharmaceuticals
- The fund's Energy bonds spreads tighten during the quarter but remain wide of index at 383 vs 224. Positive news from Borr Drilling (+12 bps) and Shearwater (+12 bps)
- Exposure in Capital Goods is mostly Defense oriented business which performed well after the start of the Iran conflict

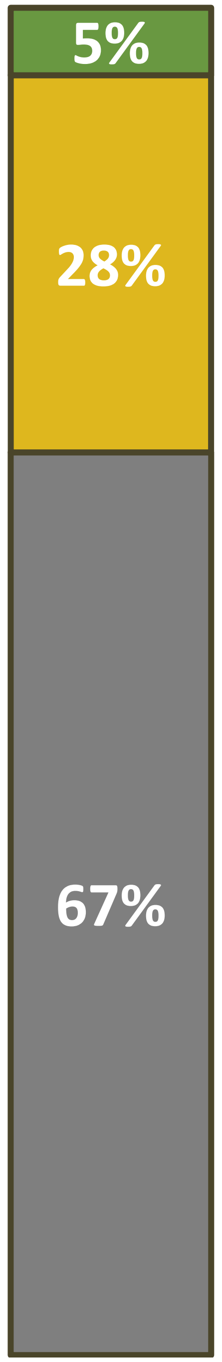
Portfolio Characteristics

Characteristics Summary

3/31/2026	UCITS[1]	HY Index[2]
Price	98.6	97.5
Yield To Worst	6.8%	7.5%
Option Adjusted Spread	281	328
Coupon	6.4%	6.7%
Rating	B+	B+
Current Yield	6.5%	6.9%
Yield To Maturity	7.0%	7.7%
Effective Duration	2.8	3.0

Source: 1) Candoris SiM High Yield Opportunities Fund
2) ICE BofA HY Index (H0A0)

SiM[1] Strategy Allocation

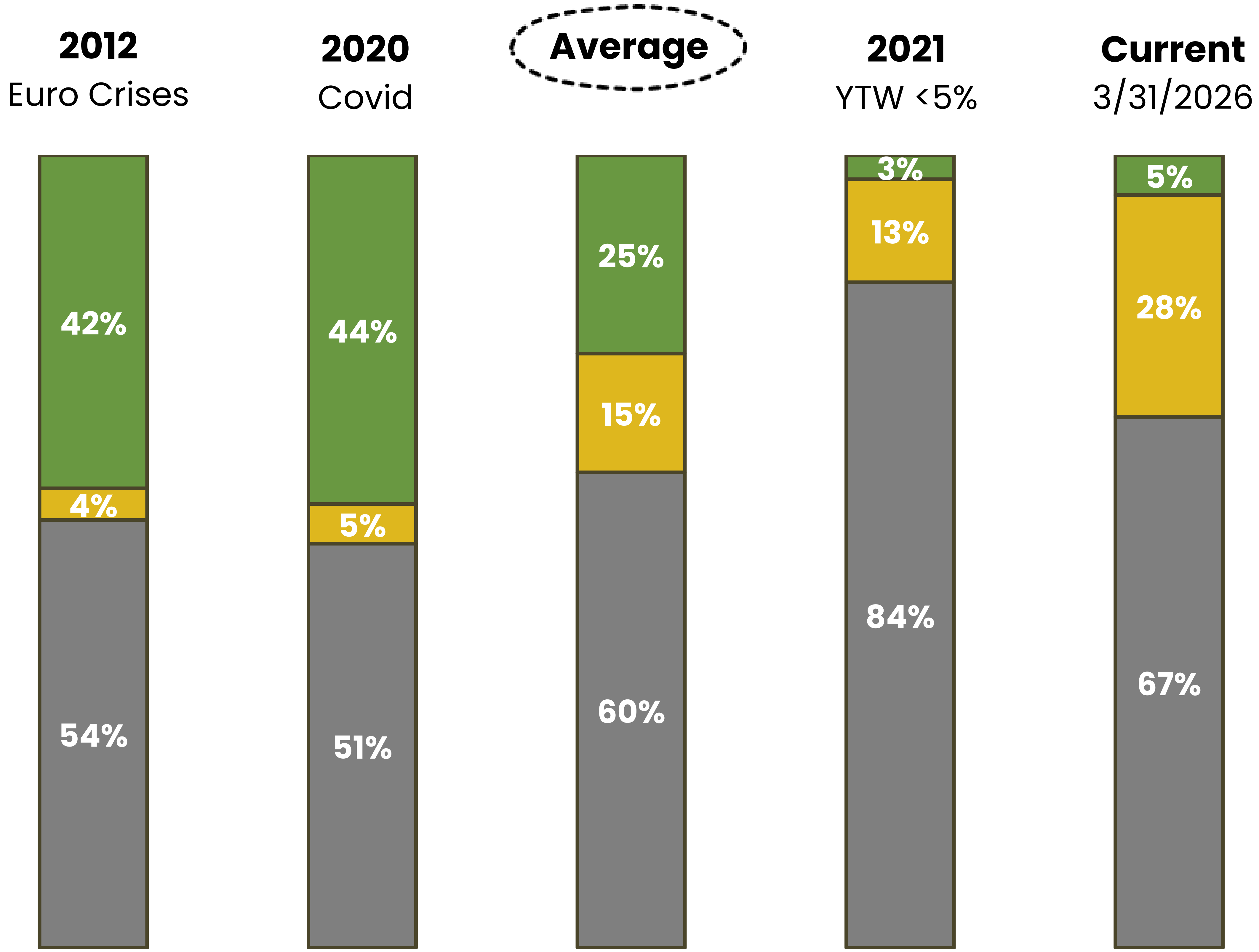


Deep Out of Favor
Real Estate

Out of Favor
Energy Servicing
Counter Cyclical Finance
Shipping

Core
Healthcare
Defense
Consumer Protein
Leisure
Technology

Core, Deep Out of Favor, Out of Favor Range



Current Sectors

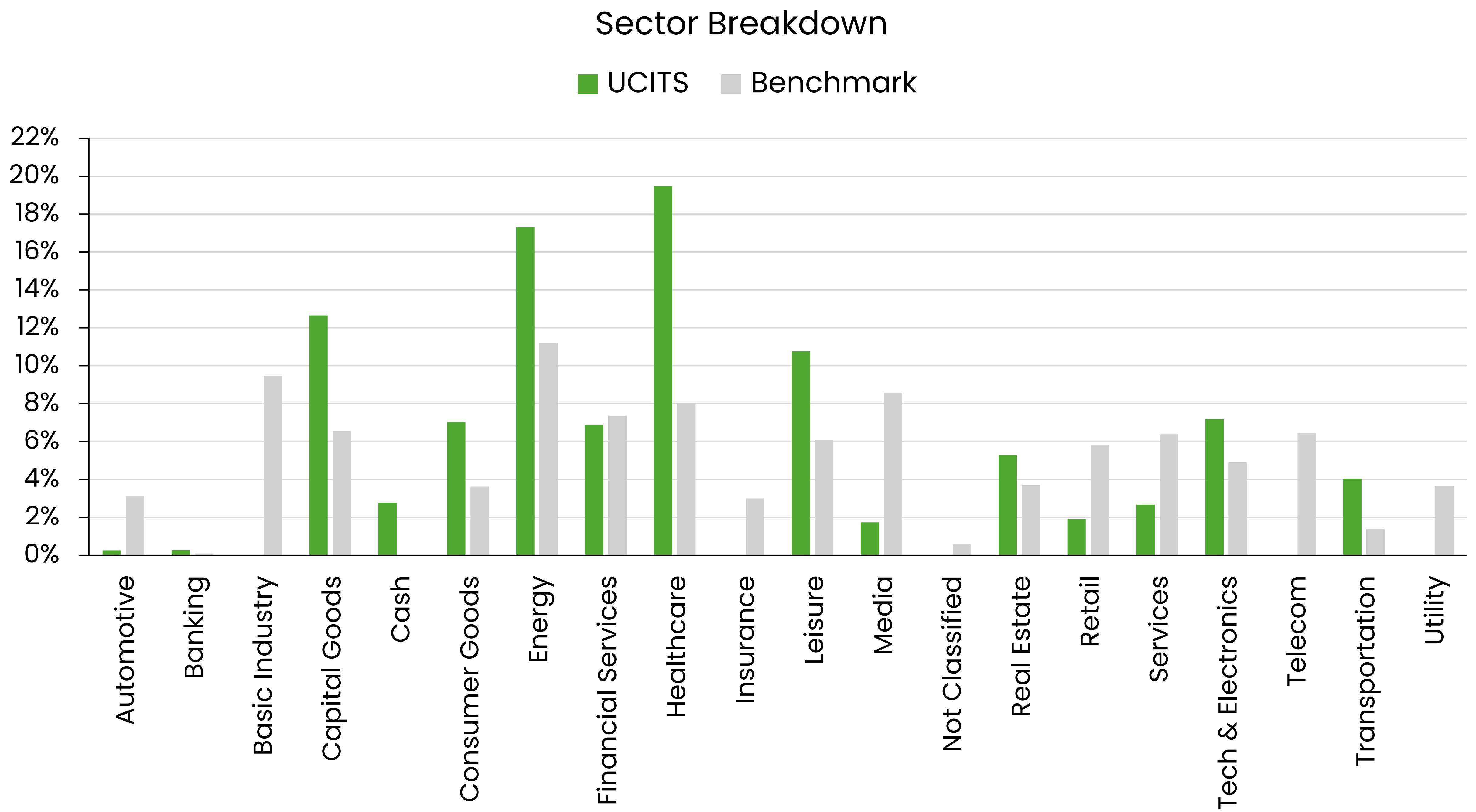
Deep Out of Favor
Real Estate

Out of Favor
Offshore Energy Servicing
Counter Cyclical Finance
Shipping

Core
Healthcare
Defense
Consumer Protein
Leisure
Technology

Portfolio Positioning vs. Benchmark

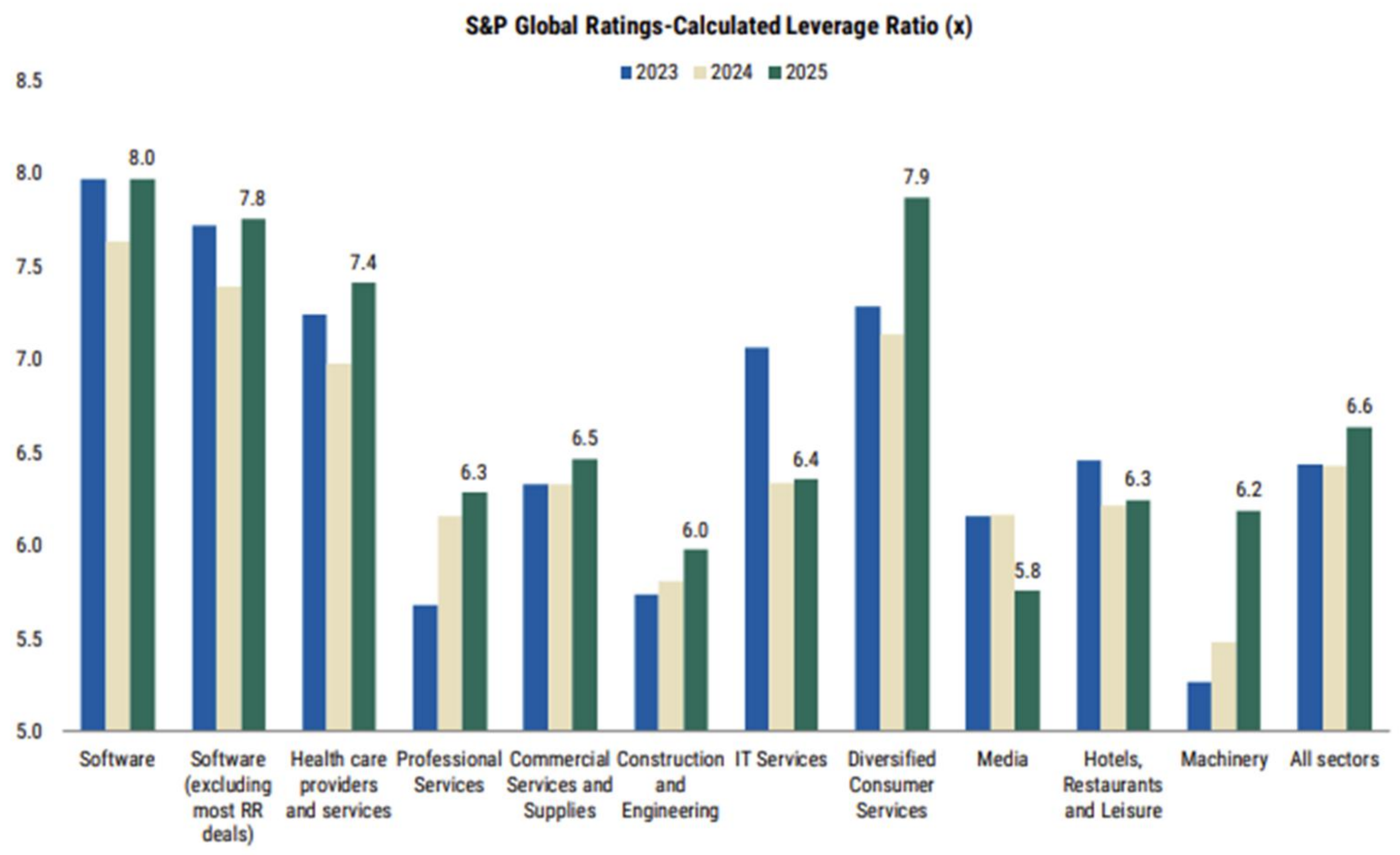
Industry agnostic, underweight in cyclicals and overweight in non-cyclicals



Source: UCITS SiM High Yield Opportunities Fund , ICE BofA HY Index (H0A0) as of 3/31/2026

Topical Issues

Based on S&P, software sector sees a median leverage of 8x …



Source: S&P, Morgan Stanley Research

Topical Issues & Positioning

AI Impact on Software valuations

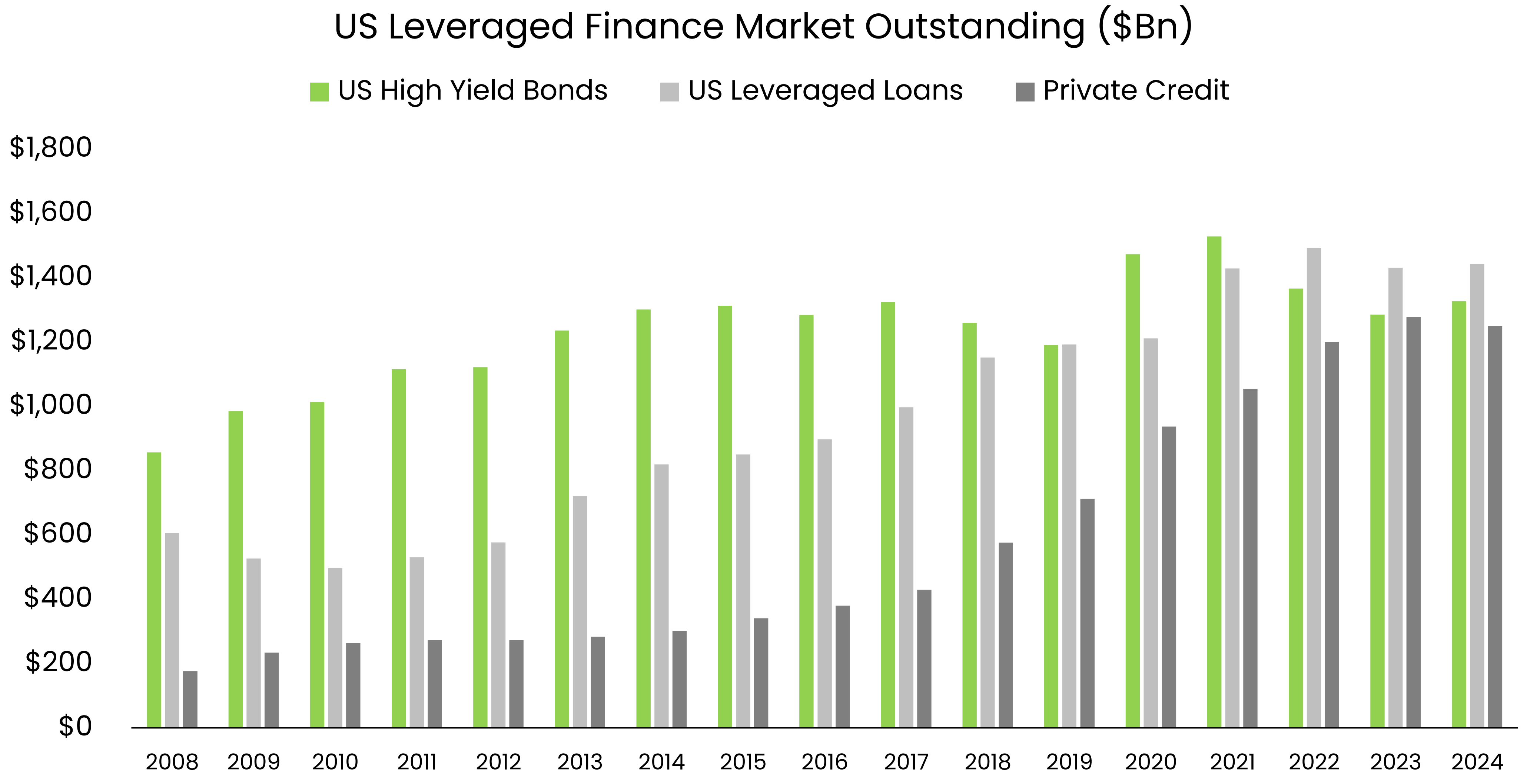
- Area of interest, current underweight.
- Software Exposure: Private Credit 21%, Leveraged Loans 14%, High Yield 5%, SiM 2%[1].

U.S./Israel and Iran Conflict

- SiM portfolio positioning reflects the long-term secular trend of elevated geopolitical risk.
- SiM Defense exposure 8%[1].
- Offshore energy service companies may benefit from prolonged elevated hydrocarbon prices.
- No material exposure to the effective closure of the Strait of Hormuz.

Leveraged Credit Market

Since 2008, Private Credit and Leveraged Loans AUM have grown substantially more than High Yield



Source: JPMorgan, Pitchbook

	Debt/EBITDA	EBITDA/Interest Expense
High Yield	4.4	4.2
Leveraged Loan	5.0	3.1
Private Credit	5.9	1.9

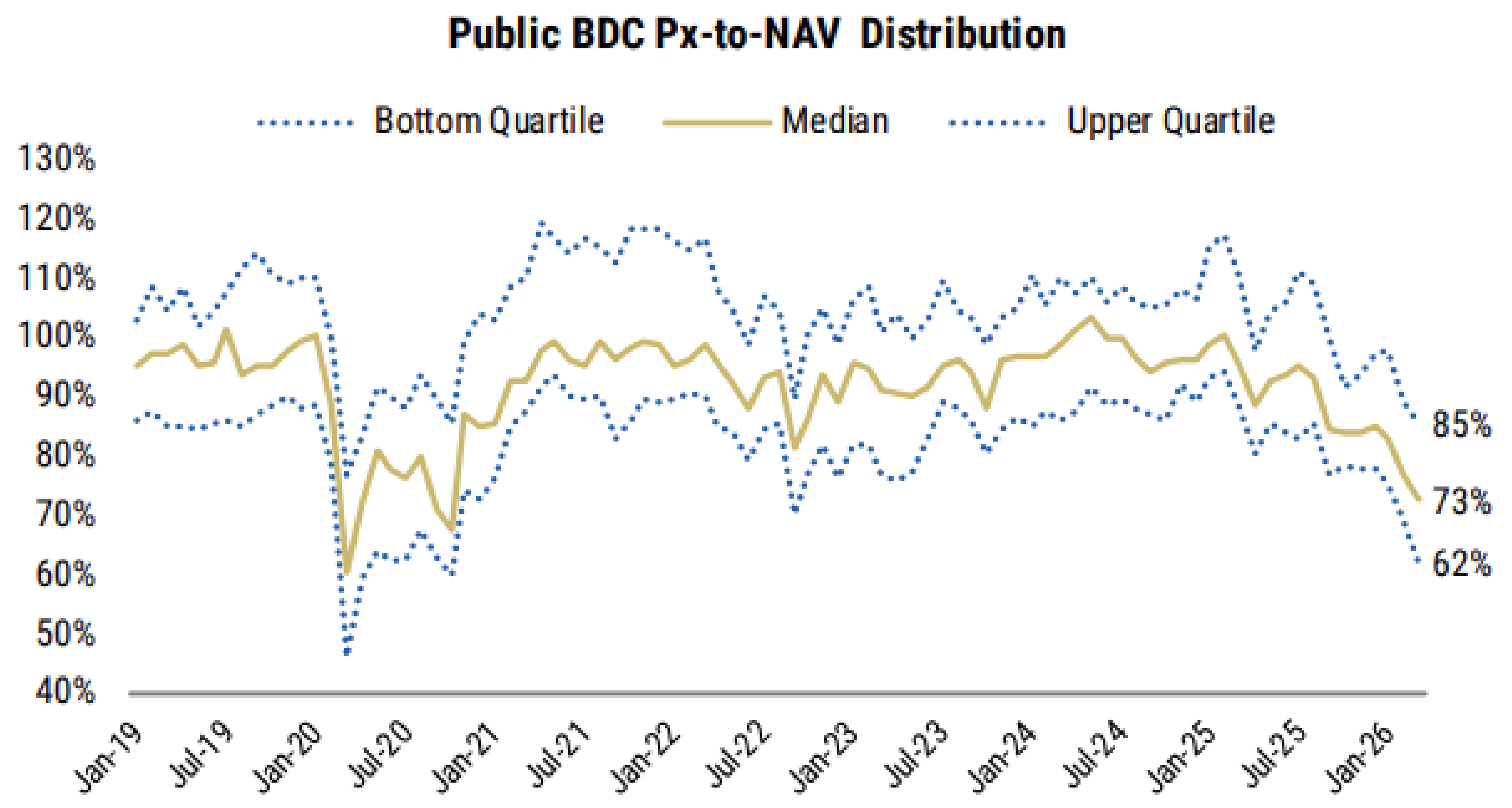
Source: J.P. Morgan, S&P Capital IQ, Fitch as of Q3 2025

Private Credit

- **Private credit market risks are meaningful, but not systemic**: Direct lending has significant exposure to software, where AI-driven disruption could pressure fundamentals. Even so, we believe any resulting stress is unlikely to spill over meaningfully into the broader credit market. High Yield bonds and Leveraged Loans and are broadly syndicated and actively traded in deep secondary markets, providing price discovery, transparency, and liquidity for investors
- **Redemption pressure is building:** Rising redemption requests have already led some managers to implement redemption gates.
- **Defaults are expected to increase:** Morgan Stanley estimates private credit default rates reaching 8% over the next 12 months.

Sell-off in BDC equity: Based on a list of public BDCs active from 2019, the median price-to-NAV was 73% as of Mar 13.

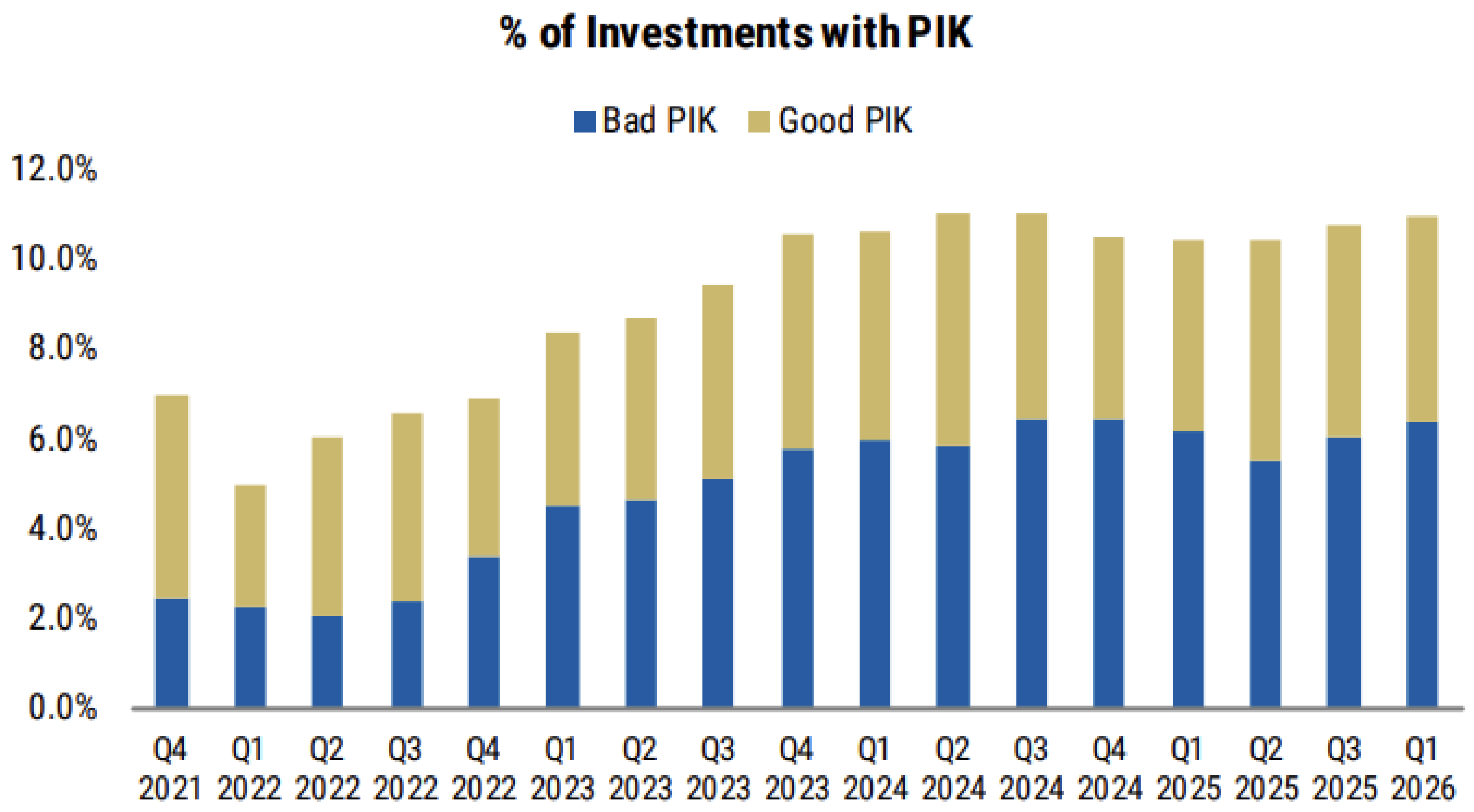
Price to NAV of BDC shares declined across the board



Source: Bloomberg, Morgan Stanley Research.

PIKs elevated, Lincoln International noted 6.4% of the investments in its monitored portfolio are ‘bad’ PIKs (non-PIK toggle at issuance)

‘Bad’ PIKs still stay elevated

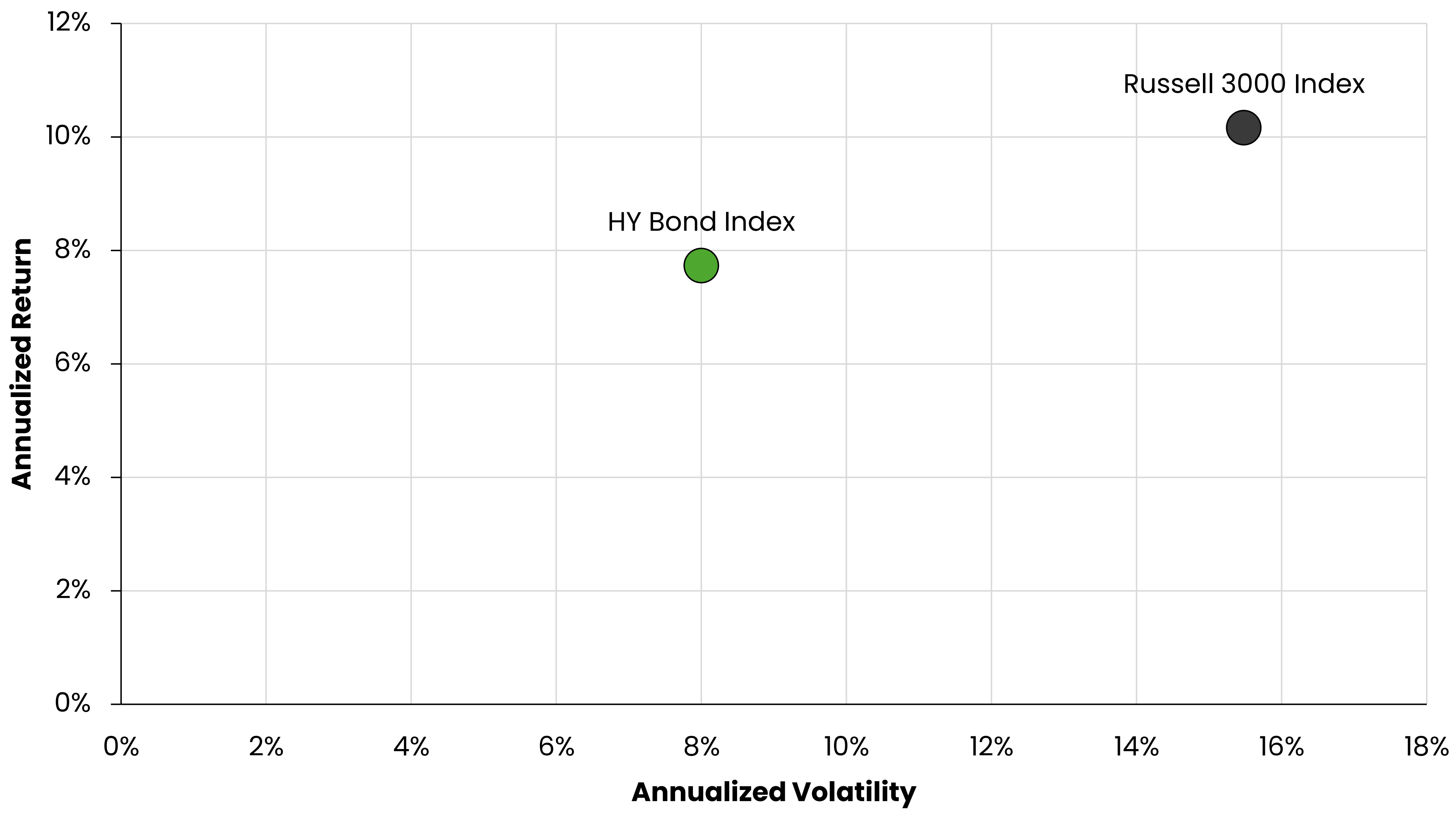


Source: Lincoln International VOG, Morgan Stanley Research

The Case for High Yield

Historical Risk/Return Across Asset Classes

Risk and return comparison of the High Yield Bond Index, Investment Grade Bond Index, and the Russell 3000 Index since 8/31/1986

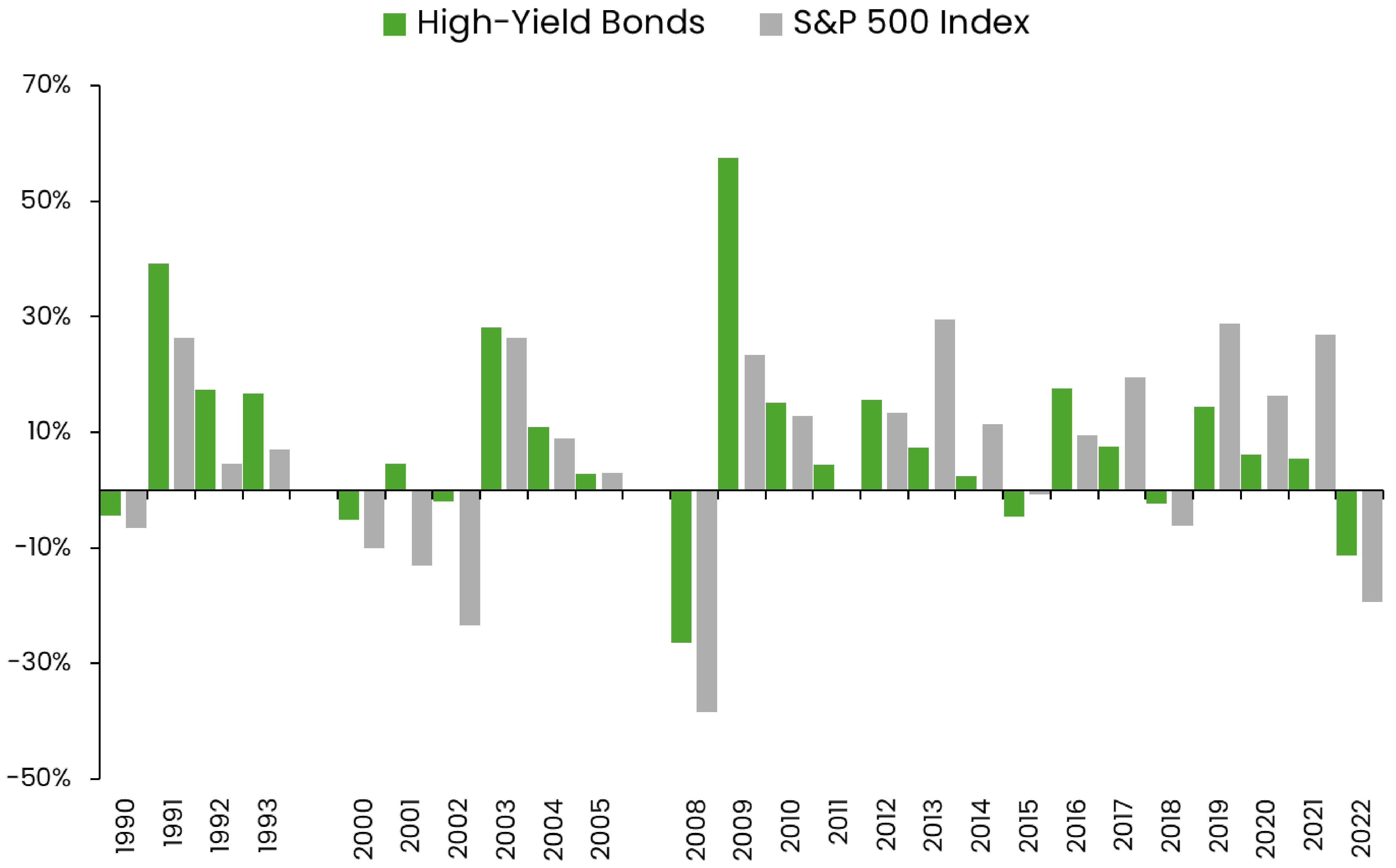


	Annualized Returns	Annualized Volatility	Annual Return/Annual Volatility
HY Bond Index	7.8%	8.0%	0.97
Russell 3000 Index	10.2%	15.5%	0.66

Annual returns and volatility are annualized with compounded monthly returns and dividends reinvested in their index since 8/31/1986 – the inception of the ICE BofA US High Yield Index. Data is through 9/30/2025. Indices: ICE BofA US High Yield Index & Russell 3000.

High-Yield has Fewer Drawdowns Vs. Equity

High-Yield bonds have outperformed equities during down years, while exhibiting equal or greater performance in the years leading out of a recession



Source: ICE BofA HY Index (H0A0)

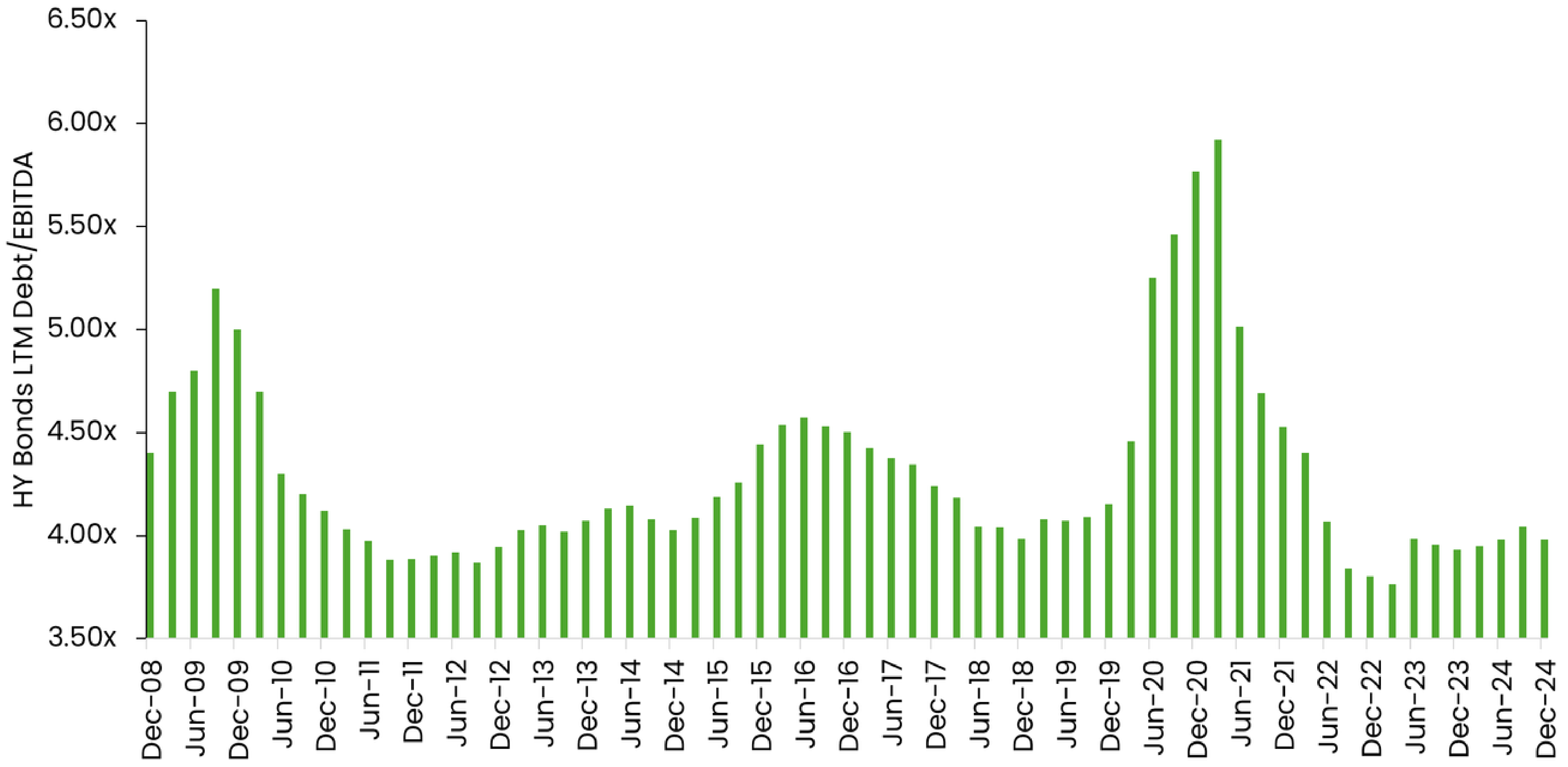
	High Yield Bonds	S&P 500
Down Years	7	9
Recovery Time – Tech Bubble	~1 Year	~4 Years
Recovery Time - GFC	~1 Year	~4 Years

High Yield Market Outlook

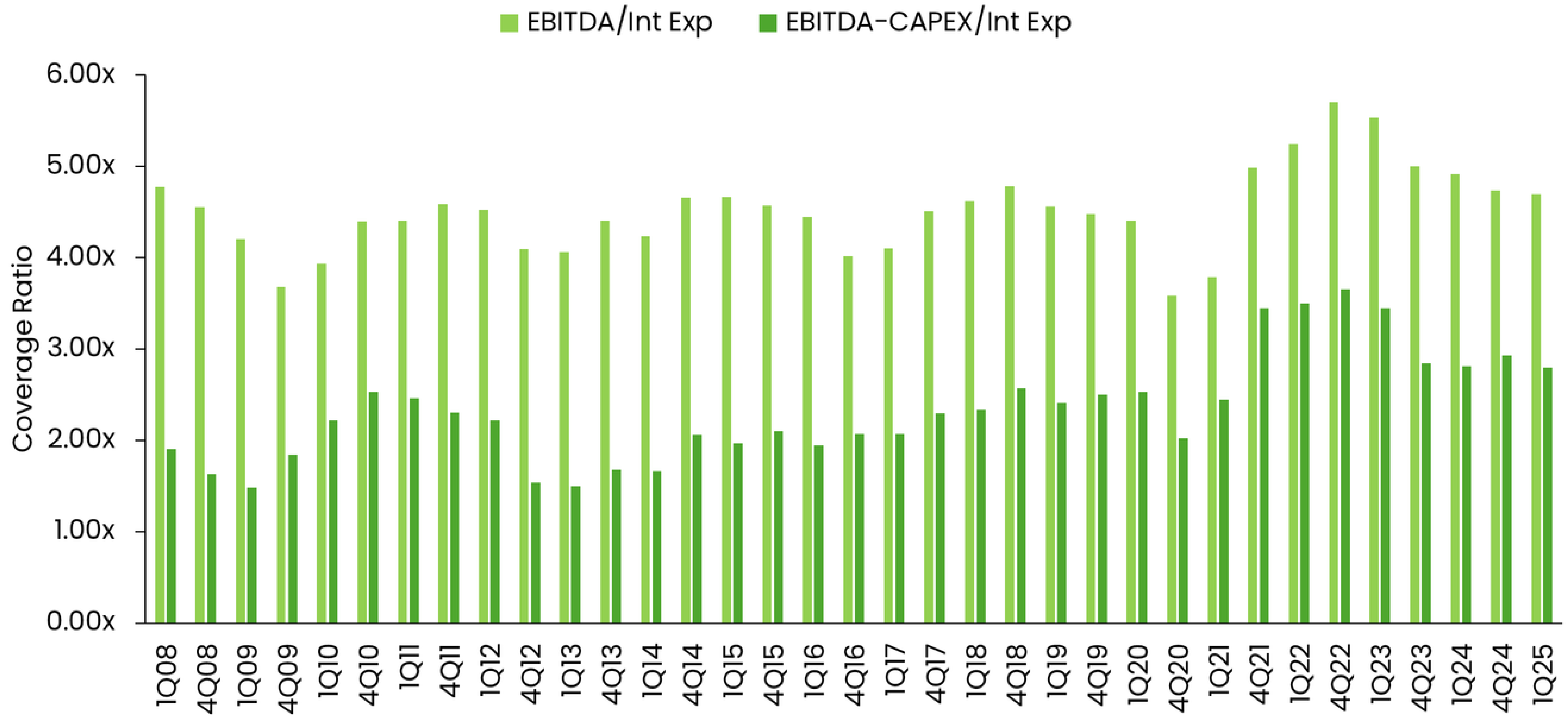
High-Yield Bonds are Very Strong Structurally

Low leverage of ~4x relative to historical leverage

Interest Coverage and Fixed Charge Coverage ~5x and ~3x respectively, high relative to historical coverage



Source: J.P. Morgan

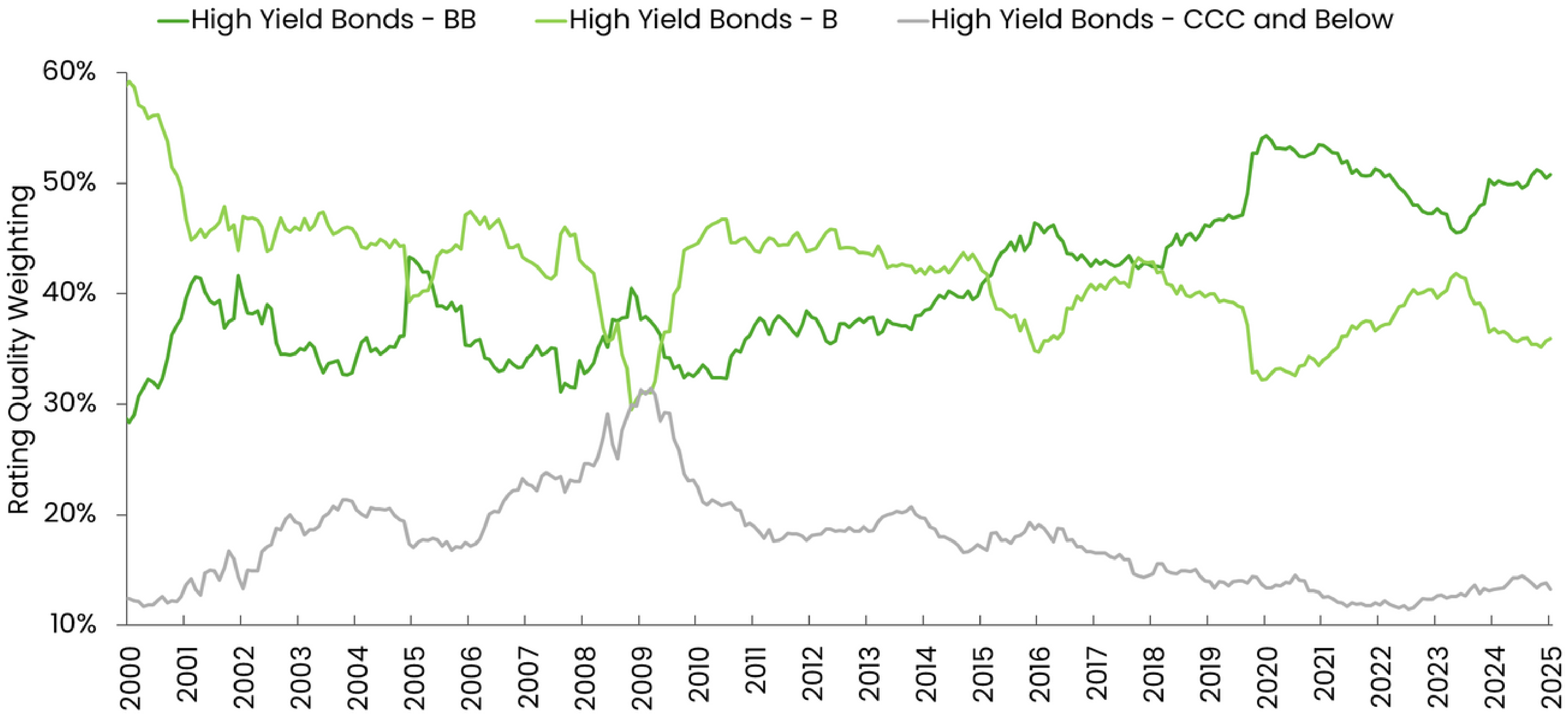


Source: J.P. Morgan

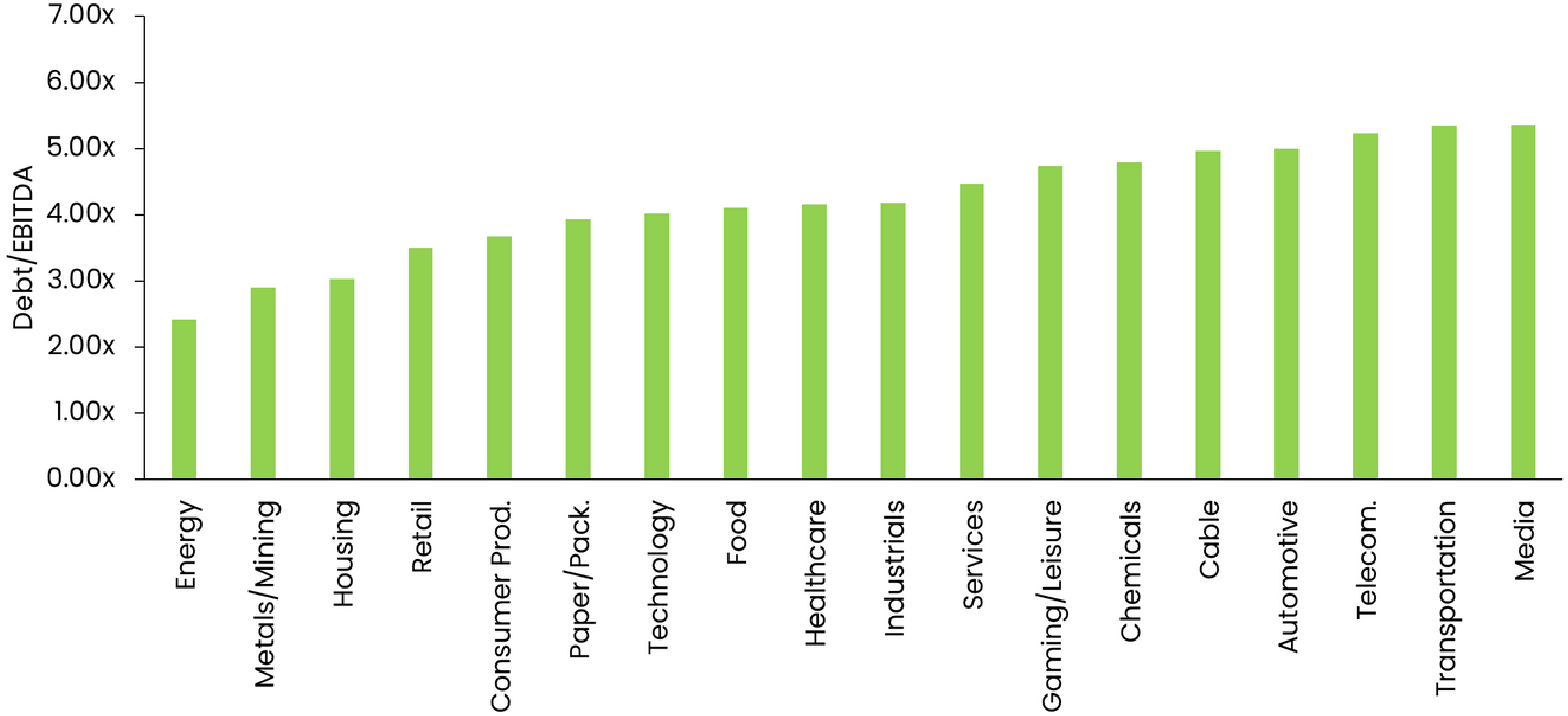
High-Yield Bonds are Very Strong Structurally

~50% of High Yield bonds are rated BB or higher and ~12% are CCC or lower

Leverage is especially low in the most cyclical industries

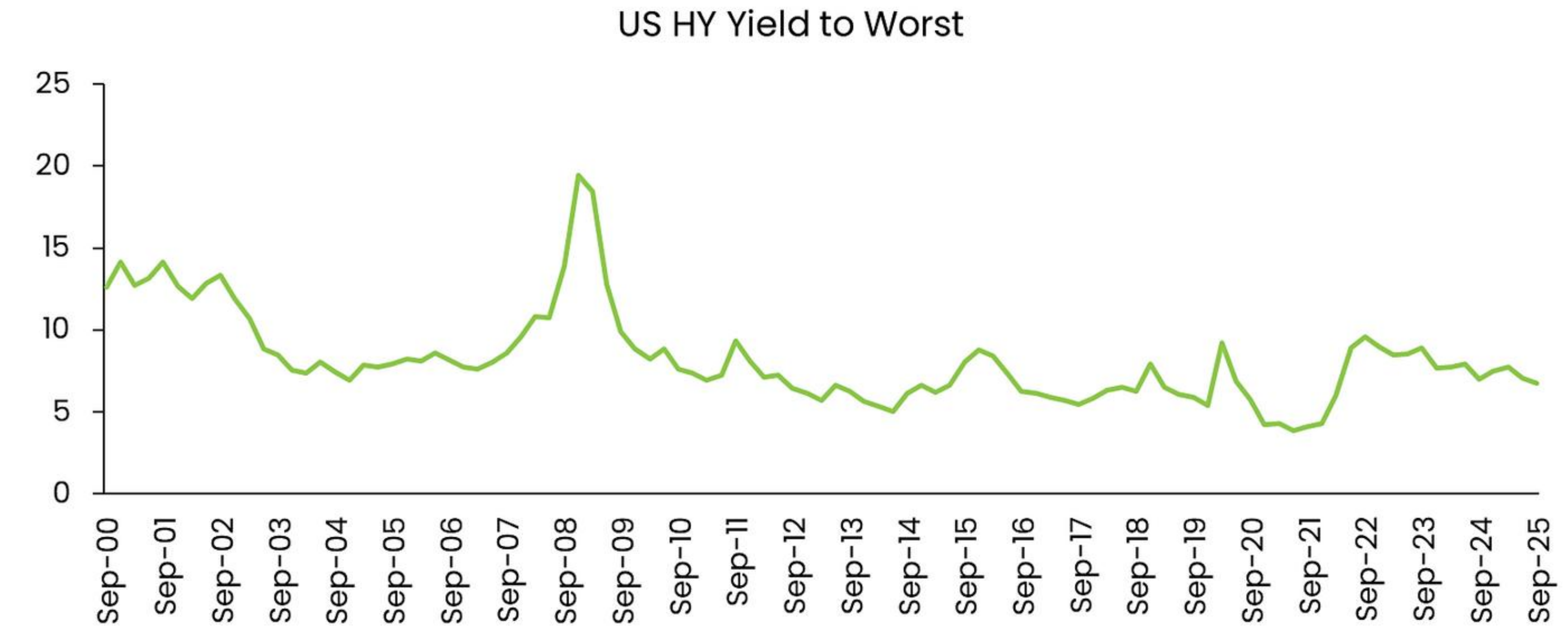


Source: BofA Global Research, ICE Data Indices, LCD

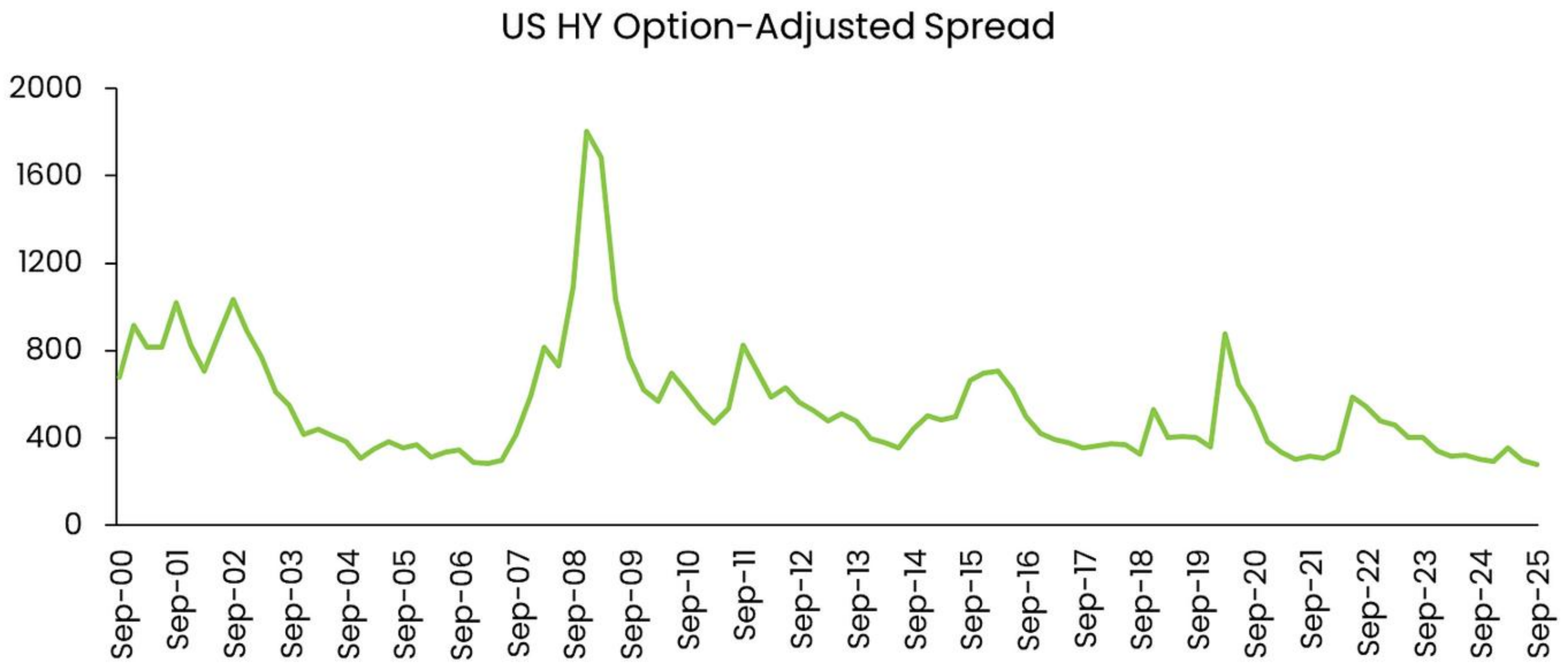


Source: J.P. Morgan as of 9/30/2025

Historical Yield-to-Worst and Spread Levels in U.S. High Yield



Source: ICE BofA HY Index (H0A0)



Source: ICE BofA HY Index (H0A0)

US High Yield Market

These scenarios reflect how attractive income supports total returns, with differing levels of downside protection shaping outcomes under various market conditions.

12-Month Return Scenarios			
	OAS	**Default Rate**	**Total Return Pct**
Pessimistic	500	4.5%	0%
Base	325	2%	6.5%
Optimistic	250	1%	9%

Base Case: Returns are mostly carry-driven, with spreads modestly wider as issuance and refinancing pick up. Defaults should stay contained, creating a defensive, credit-selection market that favors higher-quality bonds.

Forecasts shown (spreads, default rates, and returns) reflect Strategic Income Management, LLC's views as of the date shown, are based on internal assumptions, and may change without notice. Actual results may differ materially, and these estimates are for illustrative purposes only and not predictive of any SiM-managed strategy.

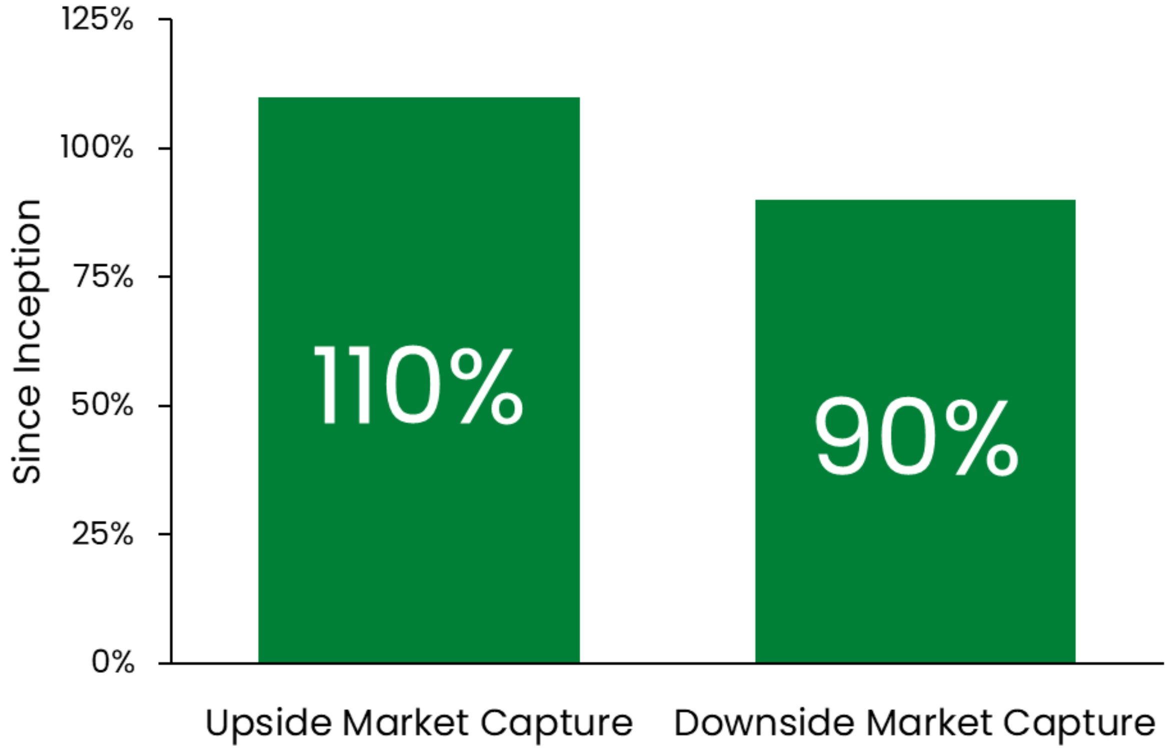
Why the SiM Strategy

Risk/Return and Up/Down Capture

	1Y	Annualized 3Y	Annualized 5Y	Annualized 10Y	Annualized Inception*
Gross Excess Return	1.85	1.33	2.75	1.68	1.84
Net Excess Return	1.46	0.90	2.35	1.27	1.42
Information Ratio	1.10	0.84	1.49	0.62	0.74
Sharpe Ratio	1.98	1.46	0.66	0.71	0.79

Source: SiM, eVestment, ICE BofA HY Index (H0A0), FTSE 3-Month T-Bill

Performance Up/Down Market Capture



Data as of 12/31/2025. Statistics and capture ratios were calculated using gross returns for the SiM High Yield Composite. Gross and net excess returns are calculated relative to the ICE BofA HY Index (H0A0).

*Since GIPS inception date of 2/28/2011