



# **Obsiido Alternative Income Portfolio**

Q2 2025

Quarterly Report

September 2025





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# Portfolio Manager's Letter

We're pleased to be sharing this quarterly report to provide our investors with more comprehensive information and analysis pertaining to the Obsiido Alternative Income Portfolio (the "**Income Portfolio**"). This report focuses on the performance of the Income Portfolio in Q2 2025.

Before diving into the details, we want to take a moment to briefly summarize our investment approach and guiding principles. We strive to manage the investment capital entrusted to us in a responsible and prudent manner. To assist us in our mission, we leverage the resources and best practices of Asset Consulting Group LLC ("ACG"), an investment consultant advising on over \$200 billion of institutional assets. ACG is part of Guggenheim Partners and is recognized as one of the premier investment consultants in North America.

The Income Portfolio invests in a diversified mix of private market investments that include Private Credit and Real Assets (real estate, infrastructure and farmland). As of the Q2 reporting period, the Income Portfolio had no allocation to Private Equity. However, an allocation to Private Equity has subsequently been made in the Income Portfolio which will be reported in the Q3 reporting period.

The Income Portfolio's "all weather" multi-asset, multi-manager investment approach seeks to provide steady and consistent returns over time with low volatility, targeting a time-weighted net return of 8-10%. The Income Portfolio's asset allocation strategy is guided by intermediate-term (think 5-10 years) risk and return assumptions, and not ones that take a shorter term, more tactical view of asset class opportunities. We are patient long-term investors following a structured and disciplined approach.

To meet its objective, the Income Portfolio invests across a select range of investment funds and strategies that have undergone extensive due diligence by Obsiido's investment team. These funds are managed by best-in-class alternative managers.



We follow a global investment approach, believing investors are best served by investing in the most attractive investment opportunities on a global basis. While it is not our intention to have the performance of the Income Portfolio beholden to excessive currency volatility, we do believe it is beneficial to have some unhedged foreign currency exposure as part of an overall diversification strategy.

Our philosophy on hedging foreign currency risk follows the same general principles of our overall investment approach, which is to take a long-term strategic view. We aim to hedge most of the foreign currency exposure across our Private Credit and Real Assets allocation. The Income Portfolio's allocations to Private Credit and Real Assets provide diversification and stability, which we don't believe should be undermined by undue levels of foreign currency risk.

In Q2, 2025, the Income Portfolio generated a return of 0.83% for Series I (1-year return to June 30, 2025: 8.82%). Its overall performance continues to be in line with our expectations. The primary return contributions in Q2 came from the Private Credit and Hedge Fund investments. The biggest headwind for the Portfolio in Q2 was currency, with CAD appreciating 5.4% relative to the USD, an unusually large move in such a short period of time.

Thank you for your continued trust and support.

**Sean O'Hara, CAIA**

Co-Founder & Chief Investment Officer

Obsiido Alternative Investments Inc.



# Performance Summary

## Historical Investment Performance

Period Ending June 30, 2025

### Investment Objective

Obsiido Alternative Income Portfolio will seek to generate consistent income while preserving capital by investing substantially all of its assets in a diversified portfolio of income-generating alternative investments, including but not limited to private credit, real assets and hedge funds. The Portfolio will invest on a global basis.

### Historical Performance

The Income Portfolio targets a net 8-10% time-weighted return.<sup>1</sup> As of Q2, the annualized distribution yield of the Income Portfolio was 5.5% (target yield 5-7%).<sup>2</sup>

	1 Mo	3 Mo	YTD	1 Year	Since Inc. Annual	Since Inc. Std Dev.	Since Inc. Sharpe Ratio
Income Portfolio (Series I) <sup>3</sup>	0.98%	0.83%	2.49%	8.82%	8.08%	3.14%	1.29

Source. Obsiido Alternative Investments Inc. Past performance is not necessarily indicative of any future results.

<sup>1</sup> The target net annual return is a forward-looking estimate over a 5-year period and includes distributions. The target is not guaranteed. Actual returns may differ materially due to various factors. The target is based on internal modeling and may be updated from time to time by Obsiido.

<sup>2</sup> The target net annual distribution is net of fees and based on internal modeling and estimated underlying yields. The target is not guaranteed and will be updated annually in January. Actual quarterly or annual distributions may vary and may include a return of capital.

<sup>3</sup> Returns shown for Series I are total returns (assuming distributions are reinvested). The returns are net of administration fees. No management fees are charged directly for Series I. Annualized returns express the rate of return of the series over a given period on an annual basis. This figure is not the actual returns of the series. The Sharpe ratio is calculated by subtracting the risk-free rate (in this case, FTSE Canada 30 Day T-bill Index) from the return and dividing by the standard deviation of the returns.



# Q2 2025 Performance Attribution

## Summary

The performance of the Income Portfolio in Q2 was consistent with our expectations, especially considering the headwinds faced by currency volatility. The CAD appreciated by 5.4% relative to the USD in Q2, an unusually large move in such a short period of time. This directly impacted the return of the Income Portfolio's investments held in USD-denominated funds, as 17% of its investments were held in USD-denominated funds in Q2. The table below shows the performance contributors for the Income Portfolio based on the underlying asset classes:<sup>4</sup>

	Weight	Q2 Return	Contribution
Private Credit	46%	0.58%	70%
Real Assets	39%	0.08%	-9%
Hedge Funds	9%	0.15%	18%
Cash	6%	0.02%	3%
<b>Total Return</b>		<b>0.83%</b>	

Source. Obsiido Alternative Investments Inc. Past performance is not necessarily indicative of any future results.

<sup>4</sup> As of June 30th, 2025. The weights are as a % of the Income Portfolio's NAV at the base currency, CAD. The Q2 Return figures and contribution (%) are also based on the base currency, CAD.

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## Q2 Return Contributors

- The Portfolio's five Private Credit investments performed well, all delivering solid positive returns in Q2. None were impacted by the decline of the USD, as the investments with Oaktree, Blue Owl, Hamilton Lane and Carlyle are all hedged to CAD. The AGF SAF fund – which was the best performer of the five credit investments in Q2 – only invests in Canadian investments. In total, these five investments accounted for 0.58% of total returns in Q2.



## Q2 2025 Performance Attribution

- The Real Assets segment of the Portfolio experienced negative performance, primarily due to the Blackstone real estate investment, which returned 1% (USD) in Q2. This result translated to a significant negative return when converted to CAD. The HarbourVest infrastructure investment, also denominated in USD, had a particularly strong quarter up 6%, which more than offset the appreciation of the CAD. The three other fund investments held in the Real Assets sleeve, KKR (infrastructure), Brookfield (real estate) and Bonnefield (farmland), all delivered positive returns in Q2.
- The Portfolio's Hedge Fund sleeve performed well in Q2. The two investments with Polar and Waratah contributed equally to return. In aggregate these investments, including the Cash holdings, accounted for 0.17% of total return in Q2.

## Q2 Return Contributors

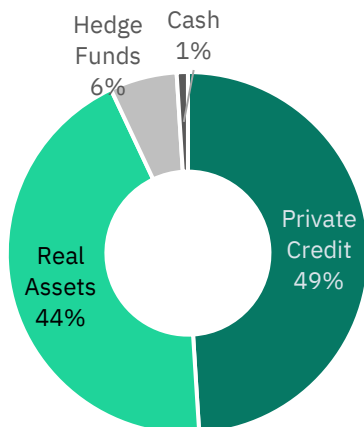
- Currency was a headwind. No funds in the Portfolio generated negative returns in local currency in Q2



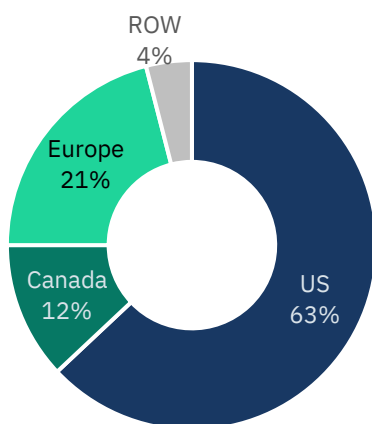
# Portfolio Overview

Portfolio Snapshot as of June 30, 2025

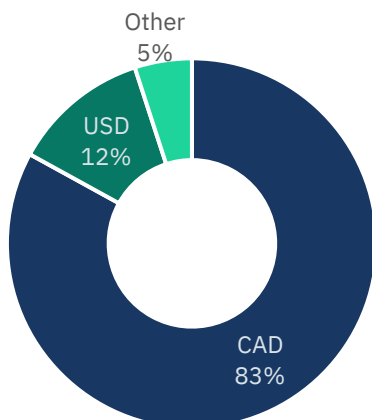
## Asset Allocation



## Geography<sup>5</sup>



## Currency<sup>5</sup>



## Private Credit Breakdown<sup>5</sup>

The below table shows a breakdown of the Private Credit exposure, which is ~49% of the Income Portfolio:

	Weight
<strong>Capital Structure</strong>	
First Lien	92%
Second Lien	3%
Unsecured	3%
Equity	2%
<strong>Interest Rate</strong>	
Floating	97%
Fixed	3%
<strong>Geography</strong>	
US	81%
Canada	10%
Europe	9%
<strong>Risk</strong>	
Yield	10.6%
LTV	40%
Leverage	40%
Sponsor	84%
Non-sponsor	16%

## Portfolio Metrics

Growth Portfolio's AUM	\$2.3 M
Number of Underlying Funds	12
Underlying Funds' Holdings <sup>4</sup>	2,000+
Underlying Funds' AUM <sup>4</sup>	US\$160B+

<sup>5</sup> At the master fund level. The Portfolio invests in the master fund either directly or indirectly via other underlying funds.





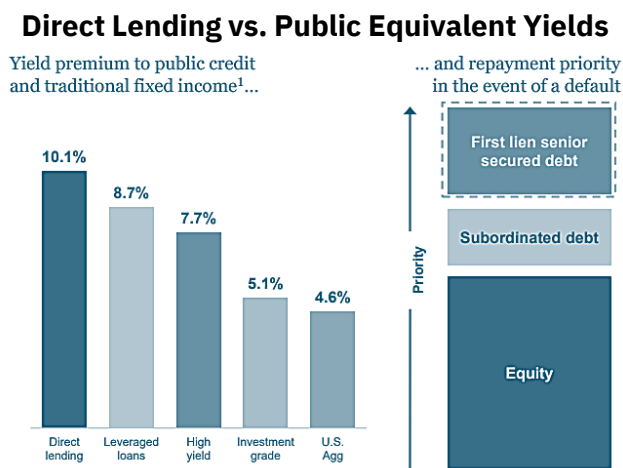
# Investment Outlook

## From the Desk of the CIO

This commentary provides an overview of the outlook for private market asset classes which constitute the primary allocation within the Income Portfolio.

### Private Credit

Private credit (direct lending) continues to provide strong, floating-rate yield, acting as a shock absorber from market volatility, explaining why it remains a core portfolio staple. Investor demand for private credit remains strong. Even with the spread compression we've experienced of late, elevated base rates make today's all-in yields compelling, especially for senior-secured risk. Investors can still make 10%+ gross return on an unlevered basis, with the possibility of earning low teen returns on a levered basis.



Source: Bloomberg, Cliffwater. Direct lending is represented by the Cliffwater Direct Lending Index. High Yield is represented by the Bloomberg Barclays High Yield Index. Leveraged Loans is represented by the S&P/LSTA Leveraged Loan Index. Investment Grade Bonds represented by the Bloomberg Barclays U.S. Corporate Bond Index. U.S. Agg represented by the Bloomberg US Aggregate Bond Index. As of March 31, 2025.

With \$1.7 trillion in private credit AUM amassed over the last five years according to Preqin, the space has become increasingly crowded. As dry powder stacks up, investors are rightly asking: “Is credit quality holding?” Certainly, through the lens of our private credit managers, credit quality remains stable, with loan covenants and security packages continuing to hold up.



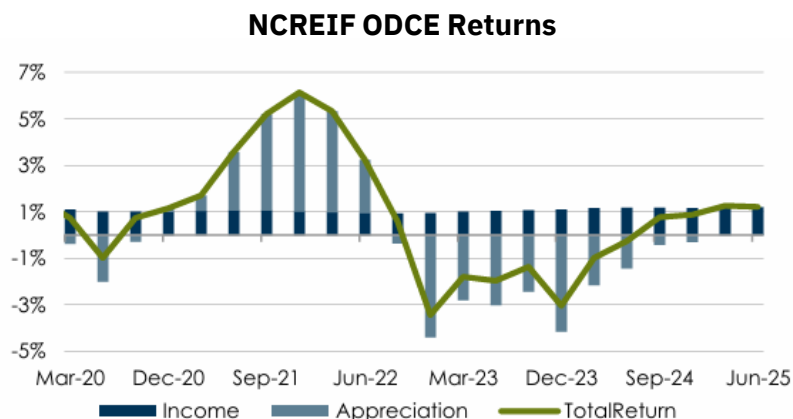
## Investment Outlook

If inflation were to flare up, however, it would likely lead to higher defaults and stress, particularly for levered companies where free cash flow is already tight, and there is less of a cushion to deal with the negative impacts. This is where credit asset selection becomes critical, underscoring the importance of investing with managers that have the tools - including a dedicated workout team, portfolio monitoring and legal resources - to respond quickly to challenges as they arise.

At the end of the day, private credit is a storage business. This isn't trading – investors own their loans until they get repaid – making structure, documentation, and fundamental risk the private credit manager's north star.

## Real Assets

Opportunities in core real estate and infrastructure are attractive given their cash flowing and inflation-sensitive properties. In private real estate, property values have reset materially over the past few years, providing both buyers and lenders with attractive entry points, particularly for assets with cash flow durability and embedded inflation protection. Construction activity has also been muted in many sectors and markets, which should create a favorable supply/demand dynamic. US core real estate as measured by the NCREIF ODCE index, delivered its fourth consecutive quarter of positive performance and is up 1.7% net year-to-date, signaling momentum for real estate markets.



Source. NCREIF ODCE Returns – (National Council of Real Estate Investment Fiduciaries/Open-End Diversified Core Equity) – Time-weighted index that reflects the performance of U.S. institutional open-end core real estate funds. The index is capitalization-weighted and includes funds that invest primarily in stabilized income producing properties using low to moderate leverage. Returns are reported gross of advisory fees and net of fund-level and property expenses



## Investment Outlook

As part of an overall real estate allocation, private real estate credit is increasingly seen by many investors as an attractive long-term investment opportunity. The largest lenders in the market, US commercial banks, have decreased their overall exposure, creating a significant void for alternative lenders to fill.

Opportunities in infrastructure continue to be defined by a few themes and megatrends. The themes of energy transition, digitalization, and their convergence in digital power are structural shifts that will continue to unfold over the coming years and decades. The scale of the issues trying to be solved here are so enormous that to win, it requires investors with access to scaled capital, deep sector and technical experience, the ability to form creative partnerships, and geopolitical perspective.

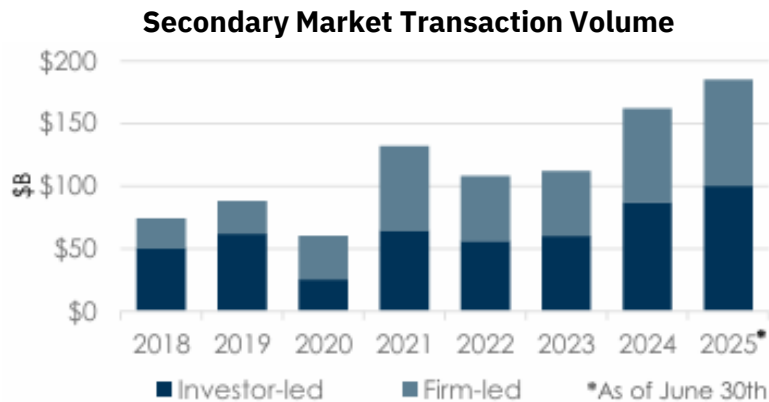
### Private Equity

Private equity portfolios generally experienced positive uplifts in Q2 as market conditions and consumer sentiment improved over the quarter, despite the market volatility related to the April tariff announcements. While Q2 deal activity slowed relative to the previous quarter, investor appetite for high-conviction opportunities remains intact, particularly in sectors resilient to global volatility. Private equity continues to benefit from control, allowing investors to lean into operational improvement, accretive M&A, and carve-out activity at a time when public multiples are full and growth is harder to find. It increasingly offers the most direct route for tapping into a broad universe of high-quality small and midsize companies measured in terms of their margins, stability, and future growth prospects.

The private equity opportunity in Europe looks particularly attractive. The European private equity market remains somewhat fragmented, allowing buyers to benefit from sometimes inefficient markets and hard to access opportunities. Compared to the US, Europe's PE market is less saturated, particularly in the lower mid-market, implying less competition for deals. Buyers can find lower entry multiples, high-growth sectors, experienced and highly motivated management teams and ample scope for value creation through internationalization, making them ideal targets for PE investments.



A bright spot within private equity continues to be the opportunity in secondaries. With both IPOs and M&A exit volumes continuing to be well below their 2021 peak, both GPs and LPs are looking increasingly to the secondary market to generate liquidity. both for investors as well as funds. GPs use continuation vehicles (CV) to create liquidity. According to investment bank Jeffries, CVs accounted for 13% of exits in 2024, up from 5% in 2021, and 2025 levels have already surpassed this.



Source: WSJ

The secondary market saw record high transaction volume in the first half of 2025, with over \$150 billion of transactions closing, relatively evenly split across LP-led and GP-led transactions. The lack of sufficient buy-side capital in the secondary market, as well as dislocations from policy and macroeconomic uncertainty, can translate to pricing discrepancies that create more attractive buying opportunities compared to those available in recent quarters.

### Sean O'Hara, CAIA

Chief Investment Officer

Obsiido Alternative Investments Inc.

# Disclaimers



Investments in private markets are generally less liquid than publicly traded securities. These investments may be subject to restrictions on transfer and limited redemption opportunities, and investors may not be able to access their capital when desired. As a result, private market investments are best suited for investors with a long-term time horizon who are comfortable with reduced liquidity and the associated risks. Investors should carefully review offering documents and consult with their financial advisor to ensure such investments align with their objectives, liquidity needs, and risk tolerance.

All investing, including the alternative asset classes discussed in this publication, involves risk. The risk and return profile for each asset class can vary. Investors should consult their investment advisor, tax, legal, accounting, or other advisors about such information before making any investment decisions.

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