

Connected Wealth Fixed Income

March 31, 2021

RICHARDSON

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2021 started with a whimper for the bond market. The media (and our internal investment management team) spends more time talking about inflation than has been the norm for quite some time. With extreme fiscal and monetary stimulus being co-ordinated, bonds are feeling the heat and yields are on the rise.

Credit spreads are back to being very tight, providing some tailwind through the quarter for the corporate side of the portfolio, but we have to admit, even that is looking expensive.

10 year yields in Canada and the US are still well below their 2018 cycle highs, when the Treasury briefly hit 3.25%, but the move from 0.5% to 1.60% has been swift, providing for an unpleasant experience in long bonds. The Fixed Income focus on short duration and small overweight to credit has provided a bit of shelter, but not enough to shield from a negative 3 and 6 month return.

Our outlook remains as long as the “taps” of policy makers stay open, we believe the weakness can continue. There seems to be little tolerance for fiscal prudence in corporate boardrooms or Parliament Hill, and in the grand scheme, bond yields are still low and the markets appear able to handle more supply – so the deficit fueled supply will come.

Performance

	Fixed Income	Benchmark	Relative
1 month	-0.25%	-1.49%	1.24%
3 month	-1.68%	-5.04%	3.35%
6 month	-0.81%	-4.44%	3.62%
1 year	3.59%	1.62%	1.97%
YTD	-1.68%	-5.04%	3.35%
3 year	3.80%	3.77%	0.03%
5 year	2.88%	2.83%	0.05%

Strategy Overview

Asset class	Bonds
Focus	Canada
Style	Active
# of Holdings	11
Benchmark	FTSE TMX Canada Universe Bond Index

Strategy

The portfolio invests in Canadian bonds and debentures, with a focus on capital preservation and income. Leveraging the team’s macro research and market cycle outlook, Connected Wealth Fixed Income is actively managed with a focus on identifying and positioning the portfolio to benefit or avoid key long term interest rate and credit trends.

Risks

The portfolio has a credit risk profile roughly in line with the FTSE TMX Canada Bond Investment Grade index

The Manager

Richardson Wealth Asset Management, a division of Richardson Wealth, manages over \$1.1 billion in assets across a number of North American equity, bond and ETF strategies.

James Price
Portfolio Manager

Craig Basinger
Portfolio Manager

Chris Kerlow
Portfolio Manager

Derek Benedet
Portfolio Manager

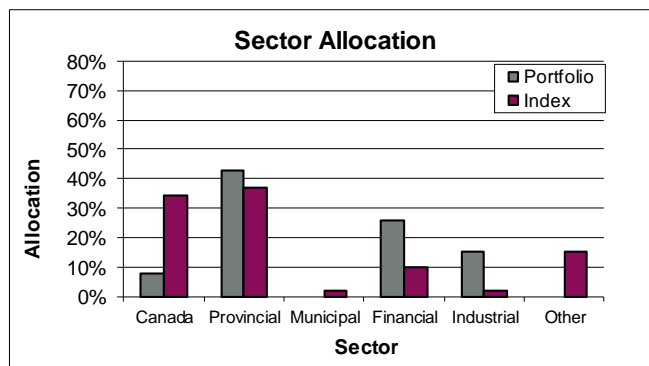
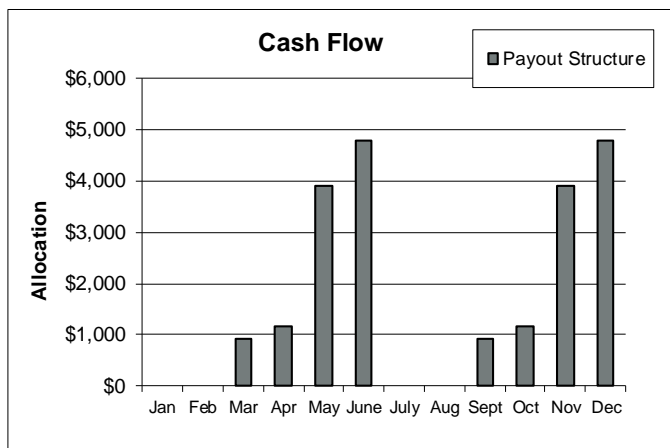
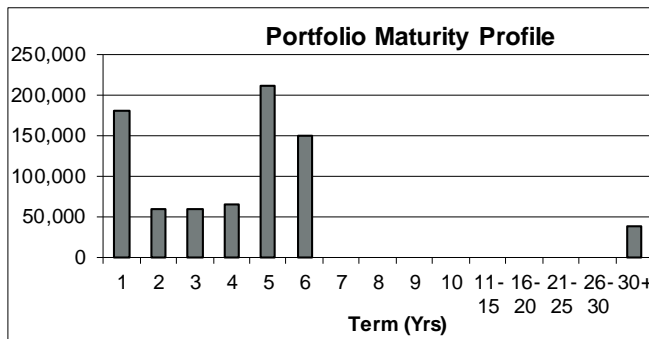
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Technical Breakdown

	<u>Index</u>	<u>Portfolio</u>
Weighted Average Yield to Maturity	1.73%	1.50%
Weighted Average Term	10.53	5.03
Weighted Average Coupon	2.92	3.00
Weighted Average Duration	7.92	4.37
Annual Coupon Payments	\$ 21,603	
Portfolio Cost	\$ 763,236	



Portfolio Statement

Issuer	Coupon	Maturity	Rating	Par Value	Price	Yield	Term	Duration	Market Value	%
Cash Equivalent	0.75		AAA	63,000	100.00	0.75	0.04	0.04	\$ 63,000	8.3%
Province of Quebec	4.25	1-Dec-21	AA-	57,000	102.69	0.23	0.67	0.66	\$ 59,332	7.8%
Rogers Communications	4.00	6-Jun-22	BBB+	56,000	103.75	0.81	1.18	1.15	\$ 58,808	7.7%
Manitoba	2.55	2-Jun-23	A+	56,000	104.51	0.46	2.17	2.11	\$ 58,992	7.7%
TELUS Corp	3.35	1-Apr-24	BBB+	55,000	106.00	1.31	3.01	2.82	\$ 59,216	7.8%
Wells Fargo	3.87	21-May-25	BBB+	59,000	108.11	1.83	4.14	3.80	\$ 64,606	8.5%
RBC	4.50	24-Nov-25	A-	123,000	105.79	3.15	4.65	4.13	\$ 132,064	17.3%
Quebec	2.50	1-Sep-26	AA-	75,000	105.75	1.39	5.42	5.07	\$ 79,465	10.4%
Canada	1.00	1-Jun-27	AAA	60,000	99.24	1.13	6.17	5.95	\$ 59,742	7.8%
BC	2.55	18-Jun-27	AAA	84,000	105.82	1.56	6.22	5.72	\$ 89,495	11.7%
Canada	2.00	1-Dec-51	AAA	38,000	100.70	1.97	30.69	22.73	\$ 38,517	5.0%
Totals	3.00					1.50%	5.03	4.37	\$ 763,236	100%

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