

Connected Wealth Fixed Income

March 31, 2022

Not since 1994 have bond investors been as shell-shocked as they are so far in 2022. The persistent inflation and subsequent monetary policy shifts have really made duration a dirty word.

Yields have been rising since August of last year, but the bond market really started to accelerate the selloff in the first quarter. With CPI as a measurement of inflation now registering north of 6%, we could make the argument for more pain ahead as well. Now, CPI is backwards looking, and there are still base effects from the pandemic causing its measure to be elevated, but the world has come to the realization that this inflation is far from transitory.

The risks on the horizon are starting to balance out, however. While we could certainly see yields continuing to rise given the inflation outlook, high energy prices, high food prices, global conflict and embargoes, and higher rates themselves are all weighing on the economy. It is hard to imagine that a recession isn't in the making. If it is imminent or not is the big question.

The Canada yield curve almost inverted as we closed out the quarter. While there can be months and sometimes years of lag, this has often predicted a coming recession. We will want to increase our duration before that time. Additionally, there is starting to be some value in the bond market now.

Our short duration positioning has served very well through this period, but we expect that we will have to start to normalize it soon. The duration of the index is quickly coming down as yields rise, improving the risk/reward of owning longer term bonds. We are still very cautious as the momentum of the market could take us higher still, but at some point we will have to look to normalize.

Performance

	Fixed Income	Benchmark	Relative
1 month	-2.04%	-2.99%	0.95%
3 month	-4.16%	-6.96%	2.81%
6 month	-3.92%	-5.59%	1.67%
1 year	-2.85%	-4.51%	1.66%
YTD	-4.16%	-6.96%	2.81%
3 year	1.35%	0.46%	0.89%
5 year	1.73%	1.58%	0.15%

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Strategy Overview

Asset class	Bonds
Focus	Canada
Style	Active
# of Holdings	13
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

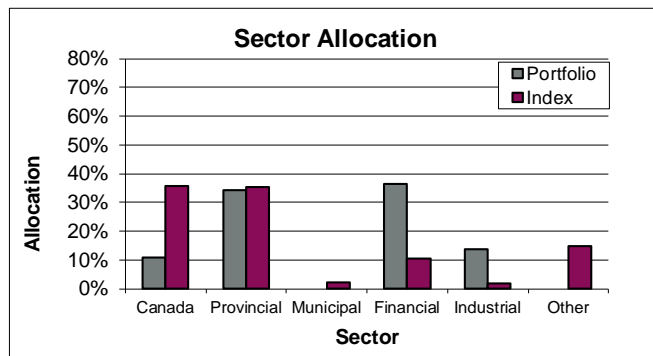
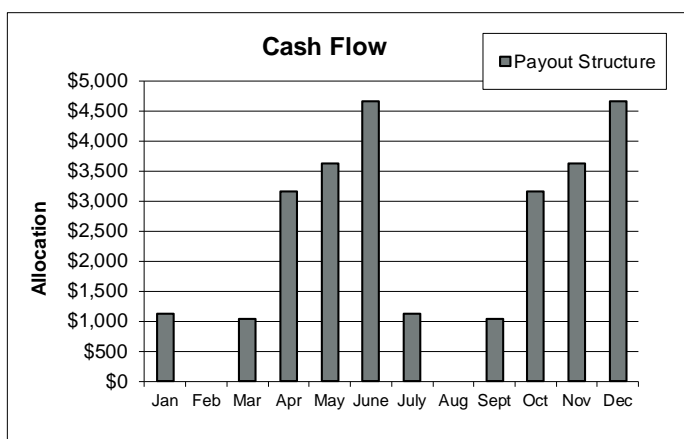
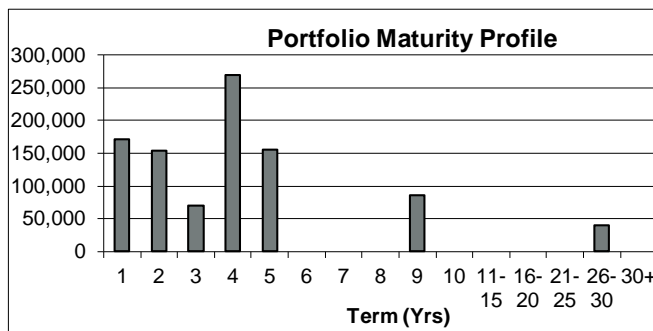
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Technical Breakdown

	<u>Index</u>	<u>Portfolio</u>
Weighted Average Yield to Maturity	3.60%	3.13%
Weighted Average Term	10.33	4.70
Weighted Average Coupon	2.74	2.84
Weighted Average Duration	7.47	4.10
Annual Coupon Payments	\$ 27,206	
Portfolio Cost	\$ 949,867	



Portfolio Statement

Issuer	Coupon	Maturity	Rating	Par Value	Price	Yield	Term	Duration	Market Value	%
Cash Equivalent	0.75		AAA	47,000	100.00	0.75	0.11	0.11	\$ 47,000	4.9%
Rogers Communications	4.00	6-Jun-22	BBB+	62,000	100.47	1.45	0.18	0.18	\$ 63,072	6.6%
Manitoba	2.55	2-Jun-23	A+	61,000	100.49	2.12	1.17	1.14	\$ 61,809	6.5%
TELUS Corp	3.35	1-Apr-24	BBB+	66,000	100.35	3.17	2.01	1.89	\$ 67,328	7.1%
NBC	2.55	12-Jul-24	BBB+	88,000	98.43	3.26	2.28	2.19	\$ 87,102	9.2%
Wells Fargo	3.87	21-May-25	BBB	70,000	98.72	4.31	3.14	2.88	\$ 70,074	7.4%
CIBC	4.38	28-Oct-25	BBB-	94,000	97.93	5.01	3.58	3.21	\$ 93,798	9.9%
RBC	4.50	24-Nov-25	BBB	93,000	99.22	4.73	3.65	3.28	\$ 93,746	9.9%
Quebec	2.50	1-Sep-26	AA-	83,000	98.85	2.78	4.42	4.14	\$ 82,212	8.7%
Canada	1.00	1-Jun-27	AAA	67,000	93.37	2.37	5.17	4.97	\$ 62,778	6.6%
BC	2.55	18-Jun-27	AA+	94,000	98.71	2.82	5.22	4.81	\$ 93,465	9.8%
Ontario	1.35	1-Dec-30	A+	99,000	87.17	3.04	8.68	8.01	\$ 86,743	9.1%
Canada	2.00	1-Dec-51	AAA	44,000	91.93	2.38	29.69	21.74	\$ 40,740	4.3%
Totals	2.84					3.13%	4.70	4.10	\$ 949,867	100%

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