

# Connected Wealth Fixed Income

June 30, 2021

# RICHARDSON

## Wealth

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The calendar almost dictated the change in the bond market, with the peak of the yield curve steepening coming just 10 sessions before the start of Q2. At that point we saw both the short end of the curve – yields most influenced by the central banks – start to rise in yield, and longer bonds started rallying sending the yields lower. This lasted steadily throughout Q2, accelerating in its final days.

In the US the turn exactly matched the end of the quarter – something we are investigating given the significant amount of assets in target date funds, which we know to rebalance quarterly. Since we know they buy more bonds as they age, do these inflection points that come precisely at the end of months or quarters have anything to do with flows?

While the world was worrying about inflation, the bond market was telling us otherwise. In the short term, we believe it. Lumber was never worth the stratospheric levels its futures contracts reached in May. The disruption of supply chains and fiscal and monetary intervention in finances are short term phenomenon. We do, however, remain cautious about a longer term inflationary outlook. Labour continues to gain favour among the voting class (and therefore politicians). Wages are being raised everywhere, and they are *much* stickier on the way down than on the way up.

The Fixed Income mandate remains defensive. With a duration well short of benchmark, it reflects our view of a longer term more inflationary environment.

## Performance

	Fixed Income	Benchmark	Relative
1 month	0.15%	0.96%	-0.81%
3 month	0.89%	1.66%	-0.77%
6 month	-0.81%	-3.46%	2.65%
1 year	1.40%	-2.42%	3.82%
<b>YTD</b>	<b>-0.81%</b>	<b>-3.46%</b>	<b>2.65%</b>
3 year	4.01%	4.17%	-0.15%
5 year	2.77%	2.64%	0.14%

## 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

**Craig Basinger**  
Portfolio Manager

**Chris Kerlow**  
Portfolio Manager

**Derek Benedet**  
Portfolio Manager

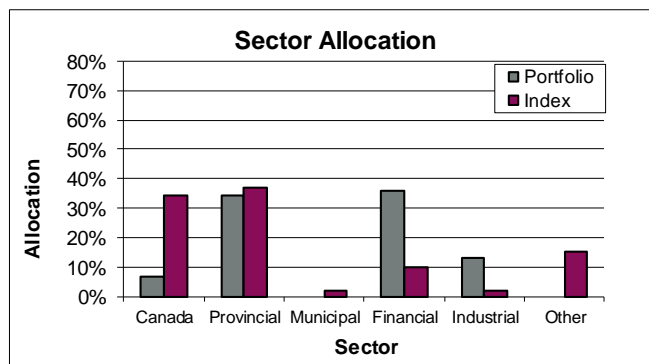
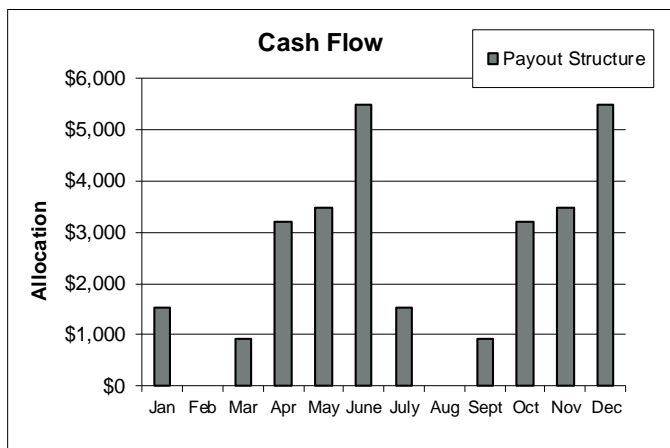
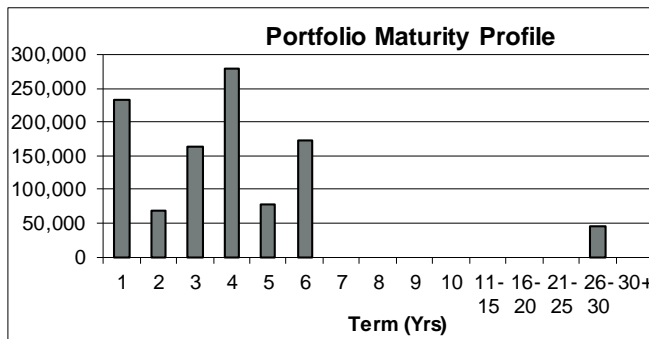
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**Technical Breakdown**

	<u>Index</u>	<u>Portfolio</u>
Weighted Average Yield to Maturity	1.73%	<b>1.49%</b>
Weighted Average Term	10.53	<b>4.50</b>
Weighted Average Coupon	2.92	<b>2.96</b>
Weighted Average Duration	7.92	<b>3.96</b>
 Annual Coupon Payments	 \$ 29,179	
Portfolio Cost	\$ 1,039,566	



**Portfolio Statement**

Issuer	Coupon	Maturity	Rating	Par Value	Price	Yield	Term	Duration	Market Value	%
Cash Equivalent	0.75		AAA	103,000	100.00	0.75	0.06	0.06	\$ 103,000	9.9%
Province of Quebec	4.25	1-Dec-21	AA-	63,000	101.65	0.32	0.42	0.42	\$ 64,252	6.2%
Rogers Communications	4.00	6-Jun-22	BBB+	64,000	102.93	0.84	0.93	0.92	\$ 66,043	6.4%
Manitoba	2.55	2-Jun-23	A+	65,000	103.80	0.56	1.92	1.88	\$ 67,597	6.5%
TELUS Corp	3.35	1-Apr-24	BBB+	66,000	105.13	1.44	2.76	2.62	\$ 69,929	6.7%
NBC	2.55	12-Jul-24	BBB+	89,000	103.97	1.21	3.04	2.89	\$ 93,592	9.0%
Wells Fargo	3.87	21-May-25	BBB+	74,000	107.87	1.77	3.89	3.61	\$ 80,135	7.7%
CIBC	4.38	28-Oct-25	BBB-	96,000	105.49	3.01	4.33	3.91	\$ 101,991	9.8%
RBC	4.50	24-Nov-25	A-	91,000	106.59	2.89	4.41	3.98	\$ 97,409	9.4%
Quebec	2.50	1-Sep-26	AA-	73,000	105.93	1.31	5.18	4.82	\$ 77,929	7.5%
Canada	1.00	1-Jun-27	AAA	69,000	99.51	1.09	5.92	5.73	\$ 68,717	6.6%
BC	2.55	18-Jun-27	AAA	98,000	106.38	1.43	5.97	5.54	\$ 104,334	
Canada	2.00	1-Dec-51	AAA	43,000	103.65	1.84	30.44	22.85	\$ 44,638	
<b>Totals</b>	<b>2.96</b>					<b>1.49%</b>	<b>4.50</b>	<b>3.96</b>	<b>\$ 1,039,566</b>	<b>86%</b>

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