

Connected Wealth Fixed Income

December 31, 2021

Measured by month, the bond market managed a .500 record in 2021, splitting the winning and losing months. It was a good effort in December, with returns being the best since the 2020 market shock of COVID sent yields plunging and bonds soaring. Ultimately, the December rally fell short for the price declines to overcome the coupons and income to pull out a positive for the year. Is that it for the bond bear?

Our outlook is for inflation to settle to a level that is higher than we have been used to for quite some time. While elements of inflation will go away, particularly those caused by supply disruptions, ultimately we will settle into an environment where wages continue to have upward pressure, monetary and fiscal policy remain accommodative, and political regimes continue to favour labour over capital. This would make the outlook for bonds quite benign from a returns standpoint. That said, we still believe there will be occasional bouts of deflation, and bonds will continue to provide diversification, liquidity and positive returns in those scenarios.

2022 will be telling for this, as we start with what might potentially be one of those deflationary bouts caused by another wave of COVID, this one proving to be very infectious which could serve to be disruptive. Central banks are already into their tightening cycles, if you believe that they start when they begin to talk about tightening, as opposed to actually removing stimulus (whether it be low rates or asset purchases).

Risk appetites remain as high as we have ever seen them in a 25 year career, so that could play into flows from a sentiment point of view. The corollaries we see between today's NFT and crypto crowd largely mirror the behaviours in the 1990s dotcom runup. That ended with a huge run in the bond market.

Performance

	Fixed Income	Benchmark	Relative
1 month	0.86%	1.67%	-0.81%
3 month	0.25%	1.48%	-1.23%
6 month	0.48%	0.97%	-0.49%
1 year	-0.34%	-2.53%	2.19%
YTD	-0.34%	-2.53%	2.19%
3 year	3.75%	4.23%	-0.48%
5 year	2.90%	3.32%	-0.41%

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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

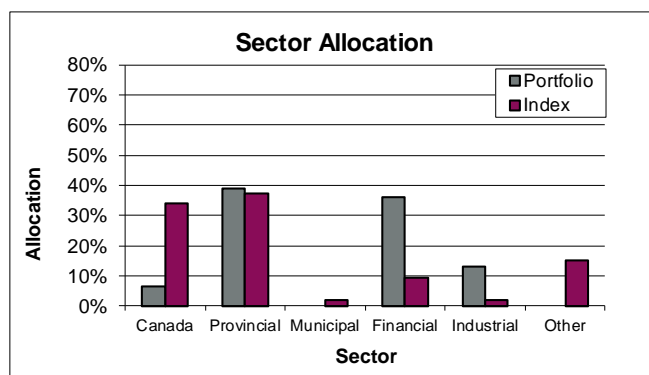
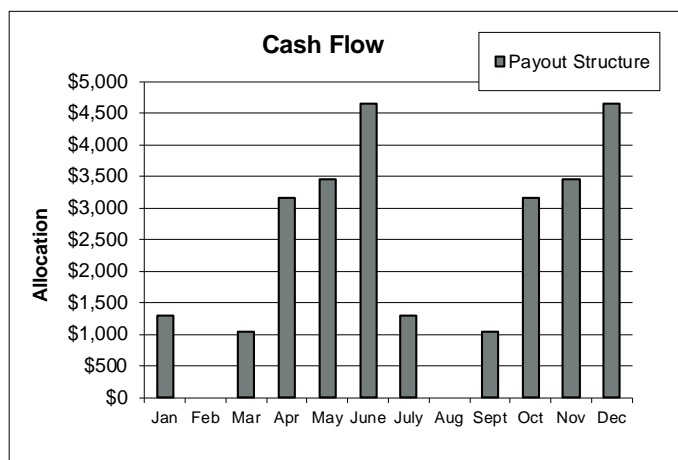
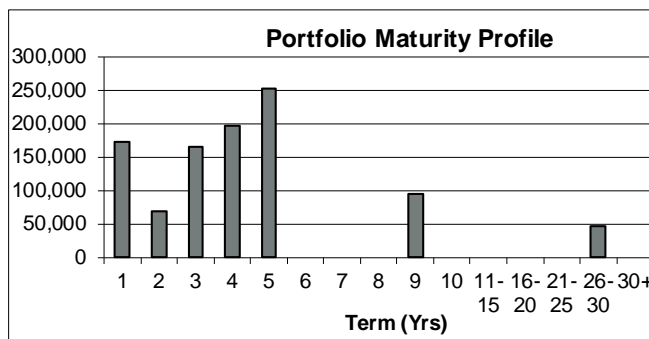
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Technical Breakdown

	<u>Index</u>	<u>Portfolio</u>
Weighted Average Yield to Maturity	1.93%	1.89%
Weighted Average Term	11.11	5.10
Weighted Average Coupon	2.75	2.83
Weighted Average Duration	8.41	4.52
Annual Coupon Payments	\$ 27,206	
Portfolio Cost	\$ 995,889	



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	0.03	0.03	\$ 47,000	4.7%
Rogers Communications	4.00	6-Jun-22	BBB+	62,000	101.31	0.95	0.43	0.43	\$ 62,983	6.3%
Manitoba	2.55	2-Jun-23	A+	61,000	102.15	1.02	1.42	1.39	\$ 62,435	6.3%
TELUS Corp	3.35	1-Apr-24	BBB+	66,000	103.44	1.78	2.25	2.15	\$ 68,823	6.9%
NBC	2.55	12-Jul-24	BBB+	88,000	102.16	1.67	2.53	2.42	\$ 90,948	9.1%
Wells Fargo	3.87	21-May-25	BBB+	70,000	105.67	2.13	3.39	3.17	\$ 74,269	7.5%
CIBC	4.38	28-Oct-25	BBB-	94,000	103.50	3.39	3.83	3.48	\$ 98,013	9.8%
RBC	4.50	24-Nov-25	A-	93,000	104.75	3.19	3.90	3.55	\$ 97,845	9.8%
Quebec	2.50	1-Sep-26	AA-	83,000	104.29	1.54	4.67	4.37	\$ 87,254	8.8%
Canada	1.00	1-Jun-27	AAA	67,000	98.71	1.25	5.42	5.25	\$ 66,191	6.6%
BC	2.55	18-Jun-27	AAA	94,000	104.83	1.62	5.47	5.10	\$ 98,626	9.9%
Ontario	1.35	1-Dec-30	AAA	99,000	94.88	1.98	8.92	8.32	\$ 94,041	9.4%
Canada	2.00	1-Dec-51	AAA	44,000	107.70	1.67	29.94	22.74	\$ 47,461	4.8%
Totals	2.83					1.89%	5.10	4.52	\$ 995,889	100%

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