

# Connected Wealth Laddered Bond

December 31, 2020

2020 is over. While it was a struggle in real life, for investors it was a boon, whether invested in stocks or bonds.

The Canadian bond index started the year with a 2.10% yield to maturity and managed to pull out an 8%+ return during the year. The attribution was consistent across the board, with both corporate and government bonds in the same range. It was a bit scary for Corporates in Q1, but did they ever recover quickly and make some gains.

Our heavy exposure to corporates in the short duration of a ladder was good for returns in the back half of the year, where corporate spreads recovered quickly, and yields started to rise. Q1 was a different story, however. As yield collapsed, long duration with no credit was the place to be – half the returns from the government sector came in this first quarter.

Looking forward, bond markets are in a tough spot. Worries about inflation picking up are bracketed by what still feels like a fragile economy still being affected by the pandemic, particularly in North America. That said, risk appetites in the market are ravenous, making the economic and market cycles feel at odds with each other. Also serving to make asset prices rather expensive. While corporate credit is still broadly priced cheaper than government bonds *on a relative basis*, they are vastly more expensive than where they started the year.

## Performance

	Ladder	Benchmark	Relative
1 month	0.37%	0.42%	-0.04%
3 month	0.60%	0.54%	0.05%
6 month	1.84%	1.44%	0.40%
1 year	7.30%	7.50%	-0.20%
<b>YTD</b>	<b>7.30%</b>	<b>7.50%</b>	<b>-0.20%</b>
3 year	4.78%	4.58%	0.20%
5 year	3.80%	3.17%	0.63%

# RICHARDSON

## Wealth

### CONNECTED WEALTH

## Strategy Overview

Asset class	Bonds
Focus	Canada
Style	Passive
# of Holdings	11
Benchmark	50% FTSE TMX Canada Short Term Bond Index, 50% FTSE TMX Canada Mid Term Bond Index

## Strategy

The Laddered Bond Portfolio is a mostly passive approach to fixed income investing. Capital preservation and conservative income generation are the primary objectives. The portfolio invests in Canadian investment grade corporate and government bonds in a "laddered" structure which spreads out the maturities regularly between one and ten years. While the managers may occasionally purchase non-investment grade issues, or shorten or extend the maturity of the ladder periodically, the mandate is largely passive and relies on the benefits of laddering to achieve its goals.

## Risks

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

## The Manager

Connected Wealth, a service 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

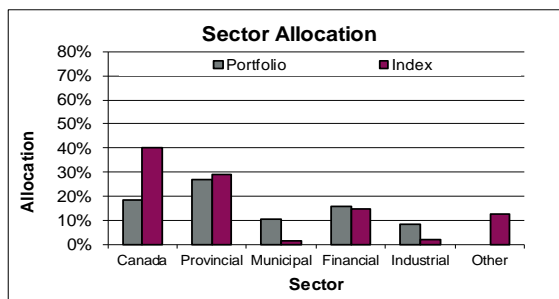
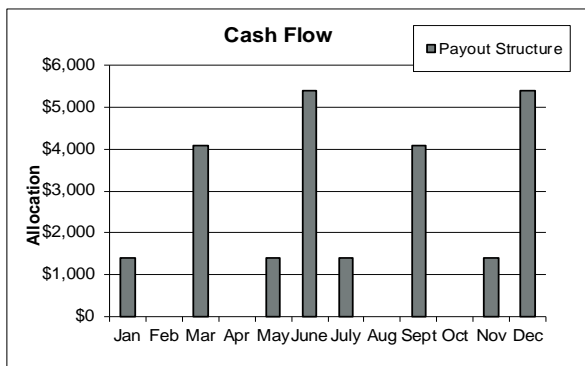
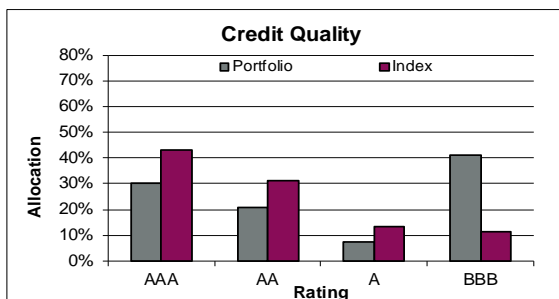
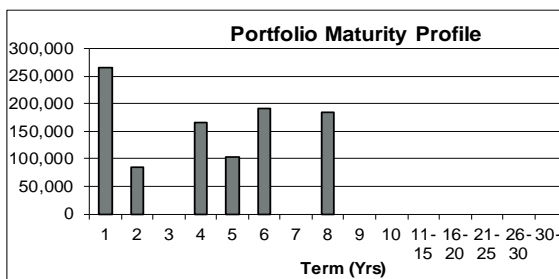
**Connected Wealth Fixed Income Ladder**

December 31, 2020



**Technical Breakdown**

	<u>Index</u>	<u>Portfolio</u>
Weighted Average Yield to Maturity	1.03%	1.11%
Weighted Average Term	6.88	4.36
Weighted Average Coupon	2.68	2.66
Weighted Average Duration	5.55	4.06
Weighted Average Rating		A+
Annual Coupon Payments		\$ 24,583
Portfolio Cost		\$ 994,557



**Portfolio Statement**

Issuer	Coupon	Maturity	Rating	Par Value	Price	Yield	Term	Duration	Market Value	%
Cash	0.25		AAA	29,600	100.00	0.25	0.05	0.05	\$ 29,633	3%
Ford Credit	3.28	2-Jul-21	BBB-	84,000	99.25	4.80	0.50	0.49	\$ 84,732	9%
BNS	2.58	30-Mar-22	BBB+	75,000	102.46	0.59	1.24	1.22	\$ 77,337	8%
Ontario	3.15	2-Jun-22	A+	70,000	104.09	0.26	1.42	1.40	\$ 73,039	7%
Emera	2.90	13-Jun-23	BBB	80,000	104.88	0.88	2.45	2.37	\$ 84,019	8%
Ontario	2.30	8-Sep-24	A+	80,000	106.38	0.55	3.69	3.53	\$ 85,683	9%
Wells Fargo	3.87	21-May-25	BBB+	72,000	109.98	1.52	4.39	4.05	\$ 79,494	8%
Toronto	2.40	24-Jun-26	AA	95,000	108.19	0.87	5.48	5.16	\$ 102,824	10%
Quebec	2.50	1-Sep-26	AA-	95,000	109.39	0.80	5.67	5.28	\$ 104,714	11%
BC	2.55	30-Mar-27	AAA	79,000	110.48	0.82	6.25	5.78	\$ 87,791	9%
CMHC	2.65	15-Dec-28	AAA	82,000	113.42	0.90	7.96	7.24	\$ 93,100	9%
Canada	2.25	1-Jun-29	AAA	81,000	113.63	0.59	8.42	7.73	\$ 92,191	9%
<b>Totals</b>	<b>2.66</b>					<b>1.11%</b>	<b>4.36</b>	<b>4.06</b>	<b>\$ 994,557</b>	<b>100%</b>

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