

# Connected Wealth Laddered Bond

March 31, 2021

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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 ladder's focus on short duration and credit has provided a bit of shelter, but not enough to shield from a negative 3 and 6 month return.

Our outlook remains that 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

	Ladder	Benchmark	Relative
1 month	-0.23%	-0.44%	0.21%
3 month	-1.80%	-2.56%	0.76%
6 month	-1.21%	-2.03%	0.82%
1 year	3.51%	2.12%	1.40%
<b>YTD</b>	<b>-1.80%</b>	<b>-2.56%</b>	<b>0.76%</b>
3 year	4.09%	3.64%	0.44%
5 year	3.16%	2.36%	0.80%

## 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

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

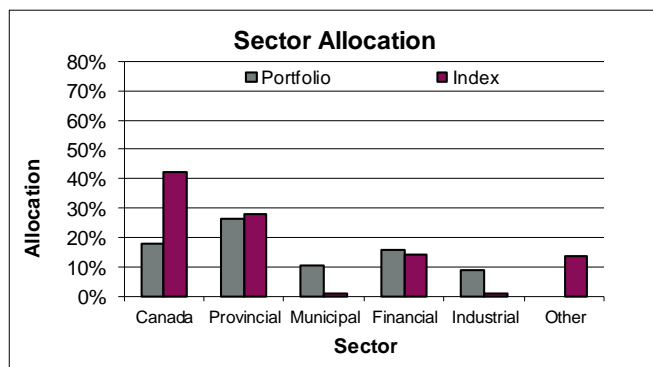
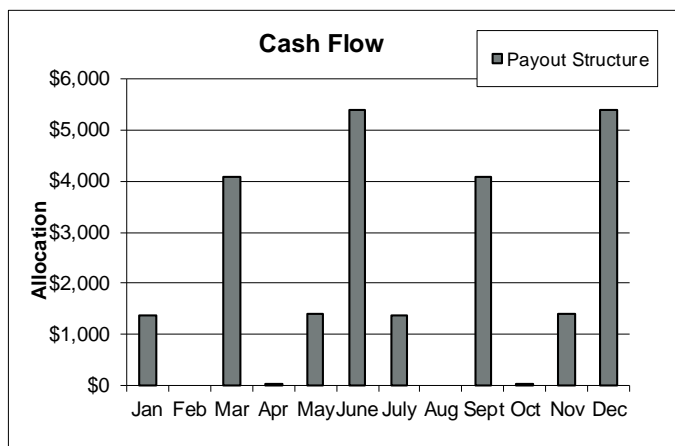
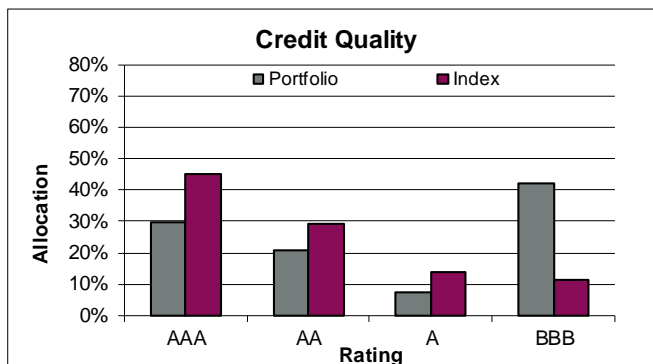
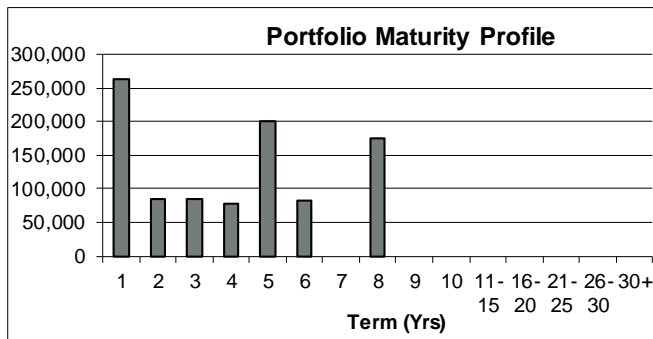
**Connected Wealth Fixed Income Ladder**

March 31, 2021



**Technical Breakdown**

	<b>Index</b>	<b>Portfolio</b>
Weighted Average Yield to Maturity	1.26%	<b>1.29%</b>
Weighted Average Term	6.71	<b>4.07</b>
Weighted Average Coupon	2.56	<b>2.67</b>
Weighted Average Duration	5.35	<b>3.77</b>
Weighted Average Rating		<b>A+</b>
Annual Coupon Payments		\$ 24,583
Portfolio Cost		\$ 970,809



**Portfolio Statement**

Issuer	Coupon	Maturity	Rating	Par Value	Price	Yield	Term	Duration	Market Value	%
Cash	0.25		AAA	29,600	100.00	0.25	0.04	0.04	\$ 29,634	3%
Ford Credit	3.28	2-Jul-21	BBB-	84,000	100.23	2.36	0.25	0.25	\$ 84,863	9%
BNS	2.58	30-Mar-22	BBB+	75,000	101.92	0.65	1.00	0.99	\$ 76,445	8%
Ontario	3.15	2-Jun-22	A+	70,000	103.34	0.30	1.17	1.15	\$ 73,059	8%
Emera	2.90	13-Jun-23	BBB	80,000	104.33	0.91	2.20	2.13	\$ 84,152	9%
Ontario	2.30	8-Sep-24	A+	80,000	104.83	0.87	3.44	3.31	\$ 83,979	9%
Wells Fargo	3.87	21-May-25	BBB+	72,000	108.11	1.83	4.14	3.80	\$ 78,841	8%
Toronto	2.40	24-Jun-26	AA	95,000	104.74	1.46	5.24	4.89	\$ 100,111	10%
Quebec	2.50	1-Sep-26	AA-	95,000	105.75	1.39	5.42	5.07	\$ 100,656	10%
BC	2.55	30-Mar-27	AAA	79,000	105.82	1.53	6.00	5.57	\$ 83,603	9%
CMHC	2.65	15-Dec-28	AAA	82,000	107.02	1.68	7.72	6.94	\$ 88,389	9%
Canada	2.25	1-Jun-29	AAA	81,000	106.76	1.37	8.18	7.43	\$ 87,076	9%
<b>Totals</b>	<b>2.67</b>					<b>1.29%</b>	<b>4.07</b>	<b>3.77</b>	<b>\$ 970,809</b>	<b>100%</b>

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