

# Connected Wealth Laddered Bond

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 remain passive in our ladder construction, while it hasn't been the best time to buy at the long end of the curve, the market's drop has positioned us well to purchase as maturities roll into the portfolio.

## Performance

	Ladder	Benchmark	Relative
1 month	-1.96%	-2.89%	0.93%
3 month	-3.53%	-4.91%	1.39%
6 month	-3.75%	-4.99%	1.24%
1 year	-3.08%	-4.17%	1.09%
<b>YTD</b>	<b>-3.53%</b>	<b>-4.91%</b>	<b>1.39%</b>
3 year	1.46%	0.66%	0.80%
5 year	1.91%	1.22%	0.69%
7 year	2.06%	1.17%	0.89%

# RICHARDSON Wealth

## Strategy Overview

Asset class	Bonds
Focus	Canada
Style	Passive
# of Holdings	12
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

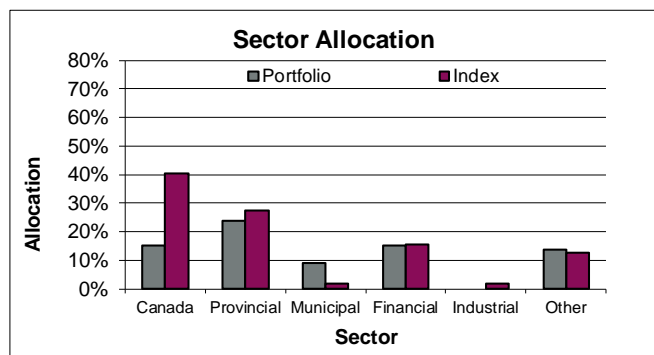
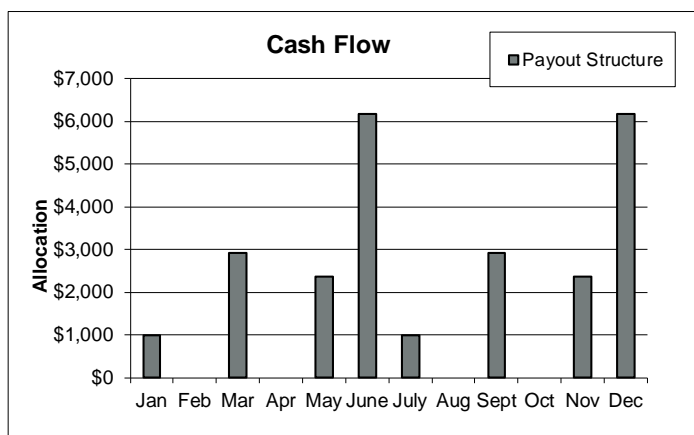
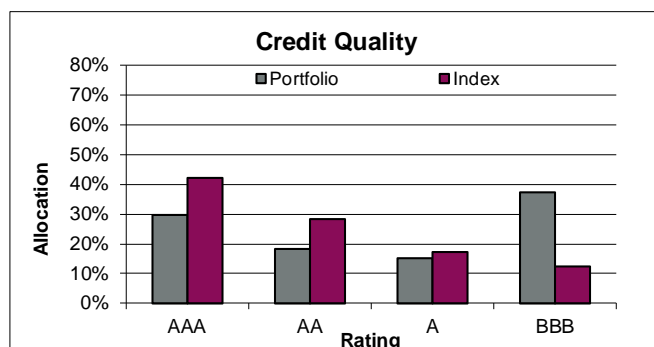
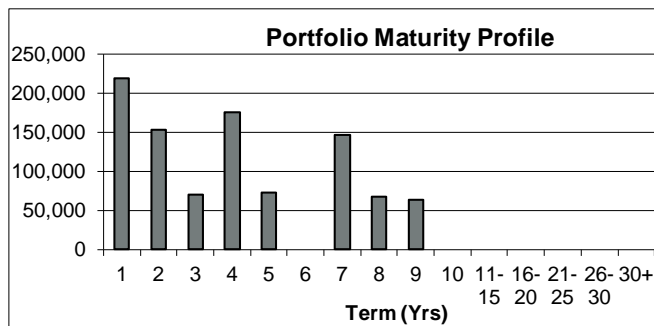
**Connected Wealth Fixed Income Ladder**

March 31, 2022



**Technical Breakdown**

	<u>Index</u>	<u>Portfolio</u>
Weighted Average Yield to Maturity	3.42%	<b>2.75%</b>
Weighted Average Term	6.69	<b>4.10</b>
Weighted Average Coupon	2.47	<b>2.53</b>
Weighted Average Duration	5.06	<b>3.73</b>
Weighted Average Rating		<b>A+</b>
Annual Coupon Payments	\$ 24,965	
Portfolio Cost	\$ 972,912	



**Portfolio Statement**

Issuer	Coupon	Maturity	Rating	Par Value	Price	Yield	Term	Duration	Market Value	%
Cash	0.25		AAA	68,000	100.00	0.75	0.11	0.11	\$ 68,067	7%
Ontario	3.15	2-Jun-22	A+	69,000	100.41	0.77	0.17	0.17	\$ 69,993	7%
Emera	2.90	13-Jun-23	BBB	81,000	100.18	2.74	1.20	1.17	\$ 81,843	8%
NBC	2.55	12-Jul-24	BBB+	78,000	98.48	3.24	2.28	2.19	\$ 77,242	8%
Ontario	2.30	8-Sep-24	A+	77,000	99.41	2.55	2.44	2.35	\$ 76,656	8%
Wells Fargo	3.87	21-May-25	BBB+	70,000	99.91	3.90	3.14	2.89	\$ 70,911	7%
Toronto	2.40	24-Jun-26	AA	90,000	98.31	2.83	4.24	3.97	\$ 89,055	9%
Quebec	2.50	1-Sep-26	AA-	88,000	98.85	2.78	4.42	4.14	\$ 87,167	9%
BC	2.55	30-Mar-27	AAA	74,000	98.72	2.83	5.00	4.66	\$ 73,058	8%
CMHC	2.65	15-Dec-28	AAA	74,000	99.06	2.80	6.72	6.06	\$ 73,875	8%
Canada	2.25	1-Jun-29	AAA	73,000	99.26	2.36	7.18	6.53	\$ 73,001	8%
BCE	2.50	14-May-30	BBB-	75,000	89.62	4.01	8.13	7.13	\$ 67,925	7%
TC Energy	2.97	6-Jun-31	BBB-	70,000	90.66	4.21	9.19	7.79	\$ 64,119	
<b>Totals</b>	<b>2.53</b>					<b>2.75%</b>	<b>4.10</b>	<b>3.73</b>	<b>\$ 972,912</b>	<b>93%</b>

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