

Connected Wealth Laddered Bond

March 31, 2024

Bonds were challenged in the first quarter, as inflation proved to be stickier than expected at the start of the year. Bond yields were volatile as investor sentiment appeared to change daily. At the start of the year, the markets were pricing in 5-6 rate cuts, starting in March. Fast forward to present, and rate cut expectations have been dialed back to 3, starting in June.

The FTSE Canada Universe Bond Index declined by 1.2% over the quarter while the U.S. Aggregate Bond Index declined by -0.8%. with the U.S. yield curve reaching a record number of days being inverted.

The latest Canadian GDP print indicated that the economy is showing growth momentum in the first two months of 2024, with preliminary data indicating a 0.4% expansion in February following a 0.6% increase in January. These gains, led by sectors like energy, manufacturing, and financials, exceeded expectations and point to the strongest growth since early 2022. Overall, the numbers suggest an annualized growth rate of 3.5% for the first quarter, significantly outpacing earlier estimates. Overall, the higher-than-expected performance provides support for the BoC's patient approach to interest rate adjustments, with policymakers awaiting further data to confirm sustained progress towards inflation targets before considering policy changes.

The U.S. economy continued to show resilience, with GDP growing by 3.4%. This growth is higher than previously reported, and the labor market remains strong. It wasn't all positive, as inflation continues to be a major headwind for the US economy with core inflations pressures coming in hotter than expected. The data has led Fed officials to reiterate that the central bank does not feel rushed to cut interest rates, with some economists warning that a rate cut in June may be a little too optimistic.

The potential for rate cuts to be priced out further as a result of continued sticky inflation is a risk we cannot ignore.

Performance

	Ladder	Benchmark	Relative
1 month	0.55%	0.58%	-0.03%
3 month	0.00%	-0.40%	0.40%
6 month	5.37%	5.75%	-0.38%
1 year	3.08%	2.28%	0.80%
YTD	0.00%	-0.40%	0.40%
3 year	0.28%	-0.52%	0.80%
5 year	1.68%	0.94%	0.74%
7 year	1.94%	1.26%	0.68%
10 year	2.30%	2.02%	0.28%
Inception	1.95%	1.65%	0.30%

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.

Sascha Isaacs
Portfolio Manager

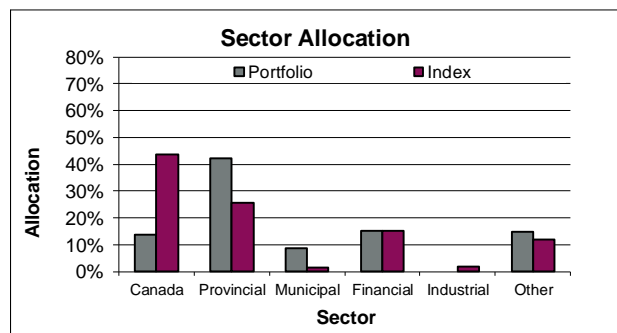
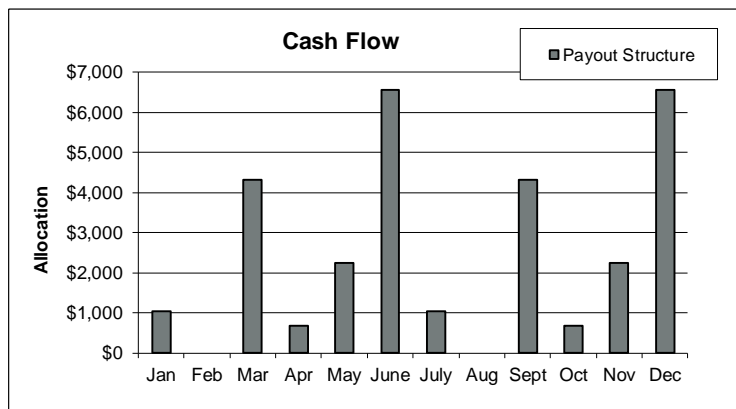
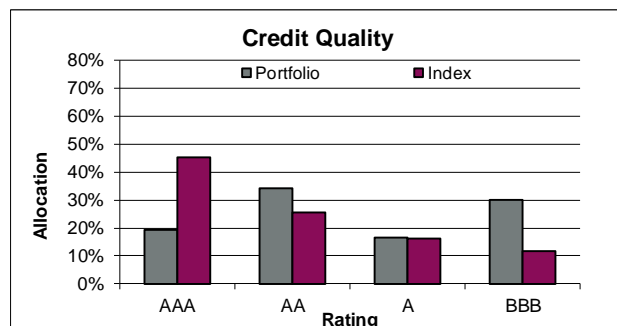
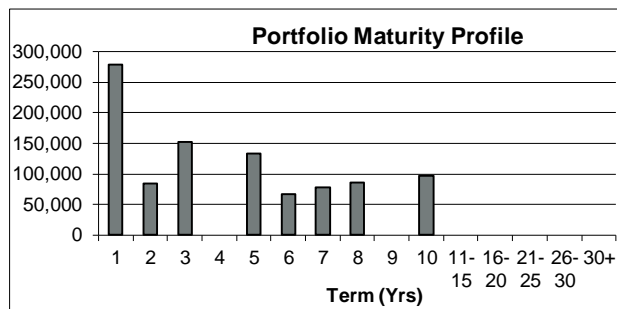
Connected Wealth Fixed Income Ladder

March 31, 2024



Technical Breakdown

	Index	Portfolio
Weighted Average Yield to Maturity	3.12%	3.90%
Weighted Average Term	6.32	4.34
Weighted Average Coupon	3.13	3.05
Weighted Average Duration	4.84	3.80
Weighted Average Rating		A+
Annual Coupon Payments		\$ 29,752
Portfolio Cost		\$ 977,636



Portfolio Statement

Issuer	Coupon	Maturity	Rating	Par Value	Price	Yield	Term	Duration	Market Value	%
Cash & Equiv	2.56		AAA	53,900	100.00	2.55	0.29	0.29	\$ 54,187	6%
National Bank of Canada	2.55	12-Jul-24	BBB+	82,000	99.50	3.49	0.54	0.52	\$ 82,552	8%
Ontario	2.30	8-Sep-24	A+	76,000	98.34	4.76	0.70	0.67	\$ 75,275	8%
Wells Fargo	3.87	21-May-25	BBB	68,000	98.20	5.23	1.39	1.33	\$ 67,048	7%
Toronto	2.40	24-Jun-26	AA	87,000	96.45	3.91	2.49	2.38	\$ 83,936	9%
Quebec	2.50	1-Sep-26	AA-	86,000	96.95	3.71	2.68	2.53	\$ 84,083	9%
BC	2.55	18-Jun-27	AA-	71,000	96.55	3.62	3.47	3.28	\$ 68,608	7%
CMHC	2.65	15-Dec-28	AAA	70,000	96.62	3.40	4.97	4.59	\$ 67,702	7%
Canada	2.25	1-Jun-29	AAA	69,000	95.95	3.07	5.43	5.04	\$ 66,326	7%
BCE	2.50	14-May-30	BBB+	74,000	89.50	4.41	6.38	5.76	\$ 66,459	7%
TC Energy	2.97	9-Jun-31	BBB+	88,000	89.12	4.72	7.45	6.52	\$ 78,565	8%
Ontario	3.75	2-Jun-32	A+	86,000	100.23	3.72	8.43	7.15	\$ 86,432	9%
Saskatchewan	5.80	5-Sep-33	AA	82,000	115.80	3.83	9.69	7.46	\$ 96,462	10%
Totals	3.05					3.90%	4.34	3.80	\$ 977,636	100%

The research above is prepared by Richardson Wealth Limited and is current as at the date on page 1.

This research has been prepared for the use of the clients of Richardson Wealth Limited and must not be copied, either in whole or in part, or distributed to any other person. If you are not the intended recipient, you must not use or disclose the information in this research in any way. Nothing in this research shall be construed as a solicitation to buy or sell any security or product, or to engage in or refrain from engaging in any transaction. This research is general advice and does not take account of your objectives, financial situation or needs. Before acting on this general advice you should therefore consider the appropriateness of the advice having regard to your situation. We recommend you obtain financial, legal and taxation advice before making any financial investment decision. Past performance is not a reliable indicator of future performance. There are risks involved in securities trading. The price of securities can and does fluctuate and an individual security may even become valueless. International investors are reminded of the additional risks inherent in international investments, such as currency fluctuations and international stock market or economic conditions, which may adversely affect the value of the investment. This research is based on information obtained from sources believed to be reliable, but we do not make any representation or warranty that it is accurate, complete or up to date. We accept no obligation to correct or update the information or opinions in it. Opinions expressed are subject to change without notice. No member of the Richardson Wealth Limited accepts any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this research and/or further communication in relation to this research.

Richardson Wealth Limited or its associates, officers or employees may have interests in the financial products referred to in this report by acting in various roles including as investment banker, underwriter or dealer, holder of principal positions, broker, lender, director or adviser. Further, they may act as market maker or buy or sell those securities as principal or agent and, as such, may affect transactions which are not consistent with the recommendations (if any) in this research. Richardson Wealth.

Richardson Wealth Limited is a member of Canadian Investor Protection Fund. Richardson Wealth is a registered trademark of James Richardson & Sons, Limited used under license.