

# Connected Wealth Laddered Bond

June 30, 2021

**RICHARDSON**  
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The calendar almost dictated the change in the bond market, with the peak of the yield curve steepening coming just 10 sessions before the start of Q2. At that point we saw both the short end of the curve – yields most influenced by the central banks – start to rise in yield, and longer bonds started rallying sending the yields lower. This lasted steadily throughout Q2, accelerating in its final days.

In the US the turn exactly matched the end of the quarter – something we are investigating given the significant amount of assets in target date funds, which we know to rebalance quarterly. Since we know they buy more bonds as they age, do these inflection points that come precisely at the end of months or quarters have anything to do with flows?

While the world was worrying about inflation, the bond market was telling us otherwise. In the short term, we believe it. Lumber was never worth the stratospheric levels its futures contracts reached in May. The disruption of supply chains and fiscal and monetary intervention in finances are short term phenomenon. We do, however, remain cautious about a longer term inflationary outlook. Labour continues to gain favour among the voting class (and therefore politicians). Wages are being raised everywhere, and they are *much* stickier on the way down than on the way up.

The ladder toughed it out, despite short rates being on the rise. Once again it was credit to the rescue. That said, we will be cautious going forward, credit – like the broad equity markets – looks very expensive. As such, we continue to focus on preservation.

## Performance

	Ladder	Benchmark	Relative
1 month	-0.07%	0.15%	-0.22%
3 month	0.53%	0.83%	-0.30%
6 month	-1.28%	-1.75%	0.47%
1 year	0.53%	-0.34%	0.87%
<b>YTD</b>	<b>-1.28%</b>	<b>-1.75%</b>	<b>0.47%</b>
3 year	4.18%	3.83%	<b>0.34%</b>
5 year	2.99%	2.00%	<b>0.99%</b>
7 year	3.15%	3.05%	<b>0.10%</b>

## 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

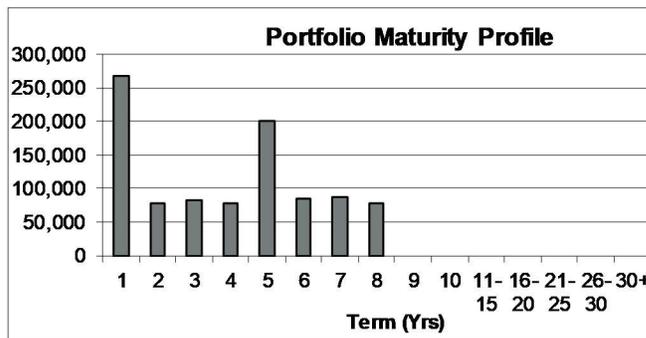
Portfolio Manager

### Derek Benedet

Portfolio Manager

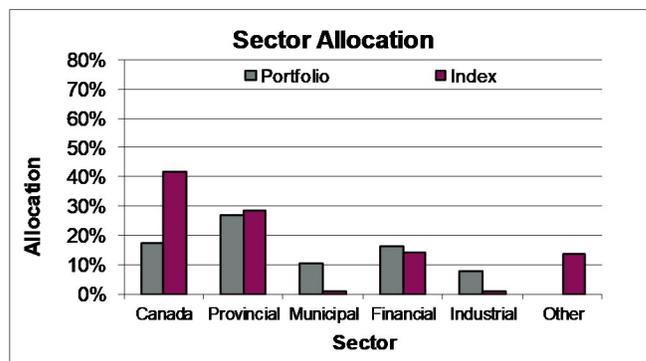
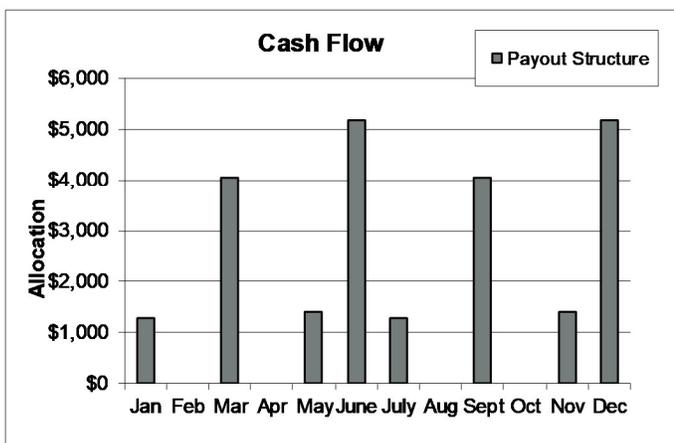
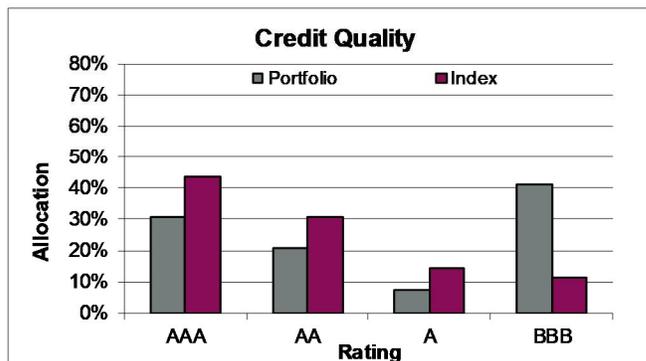
**Connected Wealth Fixed Income Ladder**

June 30, 2021



**Technical Breakdown**

	<u>Index</u>	<u>Portfolio</u>
Weighted Average Yield to Maturity	1.21%	1.09%
Weighted Average Term	6.83	3.77
Weighted Average Coupon	2.51	2.62
Weighted Average Duration	5.49	3.52
Weighted Average Rating		A+
Annual Coupon Payments		\$ 23,824
Portfolio Cost		\$ 956,153



**Portfolio Statement**

Issuer	Coupon	Maturity	Rating	Par Value	Price	Yield	Term	Duration	Market Value	%
Cash	0.25		AAA	46,000	100.00	0.25	0.06	0.06	\$ 46,051	5%
Ford Credit	3.28	2-Jul-21	BBB-	75,000	100.02	0.55	0.01	0.01	\$ 76,227	8%
BNS	2.58	30-Mar-22	BBB+	75,000	101.41	0.69	0.75	0.74	\$ 76,544	8%
Ontario	3.15	2-Jun-22	A+	68,000	102.62	0.31	0.92	0.91	\$ 69,945	7%
Emera	2.90	13-Jun-23	BBB	76,000	103.46	1.10	1.95	1.90	\$ 78,732	8%
Ontario	2.30	8-Sep-24	A+	78,000	104.43	0.89	3.19	3.06	\$ 82,011	9%
Wells Fargo	3.87	21-May-25	BBB+	72,000	107.87	1.77	3.89	3.61	\$ 77,970	8%
Toronto	2.40	24-Jun-26	AA	94,000	105.03	1.35	4.99	4.70	\$ 98,765	10%
Quebec	2.50	1-Sep-26	AA-	95,000	105.93	1.31	5.18	4.82	\$ 101,414	11%
BC	2.55	30-Mar-27	AAA	79,000	106.38	1.39	5.75	5.33	\$ 84,547	9%
CMHC	2.65	15-Dec-28	AAA	80,000	107.77	1.54	7.47	6.79	\$ 86,303	9%
Canada	2.25	1-Jun-29	AAA	72,000	107.66	1.23	7.93	7.27	\$ 77,644	8%
<b>Totals</b>	<b>2.62</b>					<b>1.09%</b>	<b>3.77</b>	<b>3.52</b>	<b>\$ 956,153</b>	<b>100%</b>

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