

# Connected Wealth Laddered Bond

September 30, 2022

## RICHARDSON Wealth

Rising rates over the year caused a tremendous amount of turmoil in the bond market. Looking ahead, uncertainty about the economy, inflation as well as future central bank policy are all big question marks.

While the Canadian Bond Universe eked out a 0.52% return for the quarter, year to date, the index is down 11.78%. The Bank of Canada (BoC) delivered two larger than usual interest rates hikes during the quarter, 100bps in July and 75bps in September, ending the quarter at 3.25%. The 175bps of hikes over the last quarter, more than the entire tightening cycle in 2017-18.

South of the border, the Fed kept with a 75 bps move higher on their policy rate, not the 100 bps some were forecasting, and decided to use commentary to keep up their hawkish rhetoric. Volatility in bond markets increased substantially in September, particularly after the BOE intervention and a newly released Fed Dot Plot showed that interest rates in the U.S. may be higher for longer.

Inflation remains high, the job market is tight, providing support for the BOC to remain hawkish. We remain passive in our ladder construction, and well positioned to purchase as maturities roll into the portfolio.

### Performance

	Ladder	Benchmark	Relative
1 month	-0.17%	-0.12%	-0.05%
3 month	0.31%	0.28%	0.02%
6 month	-2.29%	-2.88%	0.59%
1 year	-5.96%	-7.73%	1.77%
<b>YTD</b>	<b>-5.74%</b>	<b>-7.66%</b>	<b>1.92%</b>
3 year	-0.20%	-1.00%	<b>0.81%</b>
5 year	1.55%	0.88%	<b>0.67%</b>
7 year	1.71%	0.98%	<b>0.73%</b>

### 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

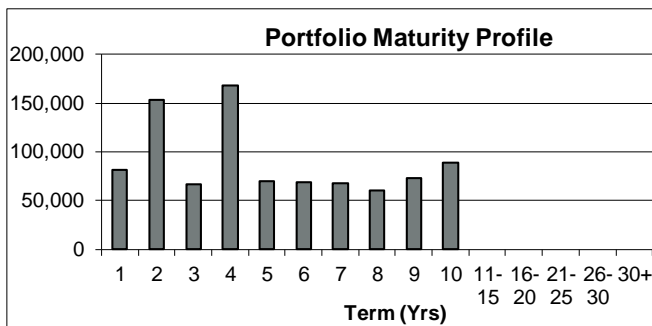
### The Manager

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

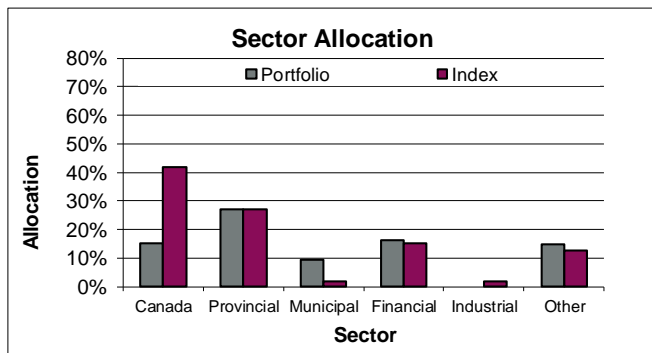
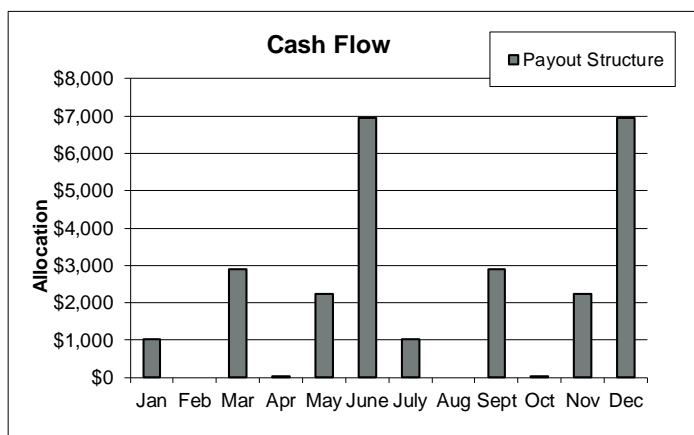
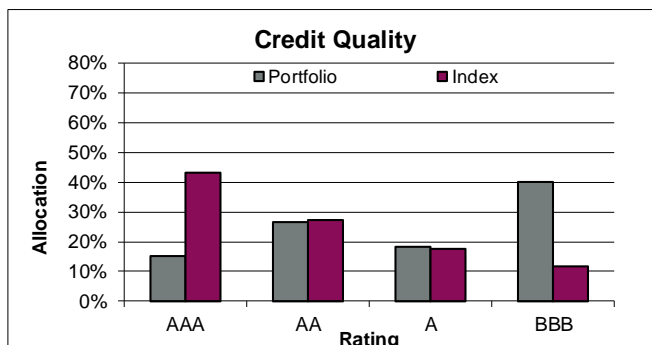
**Connected Wealth Fixed Income Ladder**

September 29, 2022



**Technical Breakdown**

	<u>Index</u>	<u>Portfolio</u>
Weighted Average Yield to Maturity	4.39%	<b>4.31%</b>
Weighted Average Term	6.73	<b>4.80</b>
Weighted Average Coupon	2.53	<b>2.78</b>
Weighted Average Duration	5.11	<b>4.26</b>
Weighted Average Rating		<b>A+</b>
Annual Coupon Payments	\$ 26,253	
Portfolio Cost	\$ 898,498	



**Portfolio Statement**

Issuer	Coupon	Maturity	Rating	Par Value	Price	Yield	Term	Duration	Market Value	%
Cash	1.00		AAA	1	100.00	1.00	0.04	0.04	\$ 1	0%
Emera	2.90	13-Jun-23	BBB-	82,000	98.75	4.71	0.70	0.68	\$ 81,678	9%
NBC	2.55	12-Jul-24	BBB+	81,000	95.97	4.93	1.79	1.70	\$ 78,179	9%
Ontario	2.30	8-Sep-24	A+	77,000	96.92	3.97	1.95	1.87	\$ 74,727	8%
Wells Fargo	3.87	21-May-25	BBB	69,000	95.87	5.58	2.64	2.43	\$ 67,098	7%
Toronto	2.40	24-Jun-26	AA	89,000	94.96	3.86	3.74	3.50	\$ 85,081	9%
Quebec	2.50	1-Sep-26	AA-	87,000	95.26	3.81	3.93	3.68	\$ 83,043	9%
BC	2.55	30-Mar-27	AA+	73,000	94.88	3.80	4.50	4.14	\$ 70,195	8%
CMHC	2.65	15-Dec-28	AAA	72,000	94.74	3.60	6.22	5.61	\$ 68,763	8%
Canada	2.25	1-Jun-29	AAA	71,000	94.26	3.21	6.68	6.07	\$ 67,446	8%
BCE	2.50	14-May-30	BBB+	72,000	83.13	5.21	7.63	6.66	\$ 60,526	7%
TC Energy	2.97	6-Jun-31	BBB+	86,000	83.91	5.30	8.69	7.33	\$ 72,969	8%
Ontario	3.75	2-Jun-32	A+	89,000	98.55	3.93	9.68	7.93	\$ 88,791	10%
<b>Totals</b>	<b>2.78</b>					<b>4.31%</b>	<b>4.80</b>	<b>4.26</b>	<b>\$ 898,498</b>	<b>100%</b>

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