

Connected Wealth Laddered Bond

September 30, 2024

Despite historically being a tough month for markets, equities and bonds rallied in September. What's more impressive is that equity markets were able to rebound with strong gains after falling at the beginning of the month. Sentiment quickly shifted after the Fed's jumbo 50 bps rate cut on September 18, and while recession concerns remain front of mind, there is growing confidence that the Fed will continue to loosen policy and that a soft landing in the U.S. can be achieved.

Adding to this, inflation in Canada surprised to the downside, falling to 2.0% on a y/y basis in August. The headline figure reached the BoC's target rate for the first time since 2021, primarily on falling gas prices. The Bank of Canada has already reduced rates three times since June, bringing the overnight rate to 4.25%, however, August's inflation data reinforced confidence that inflation is under control, leaving room for further cuts. Bond markets were helped by encouraging economic data and the Fed's rate decision, which helped both the Canadian and U.S. 2/10-year yield curve to un-invert. Global bond yield curves, which have been inverted for years, are now normalizing as central banks lower interest rates to counter slowing economies and avoid recessions. This reversal, seen in markets like the U.S., UK, Germany, and Canada, is driven by falling short-term yields as investors bet on further rate cuts. The steepening of yield curves reflects growing concerns over potential recessions but also hints at confidence that central banks, particularly the Fed, may engineer a soft landing for the economy.

By quarter end, Canadian bonds, measured by the FTSE Canada Universe Bond, was up 4.66% for the quarter and up 4.27% for the year.

Performance

	Ladder	Benchmark	Relative
1 month	1.46%	1.64%	-0.18%
3 month	4.02%	4.40%	-0.38%
6 month	5.33%	5.48%	-0.15%
1 year	10.99%	11.55%	-0.56%
YTD	5.33%	5.06%	0.27%
3 year	1.79%	0.98%	0.81%
5 year	2.20%	1.60%	0.60%
7 year	2.78%	2.21%	0.56%
10 year	2.57%	2.15%	0.41%
Inception	0.19%	0.17%	0.02%

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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 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

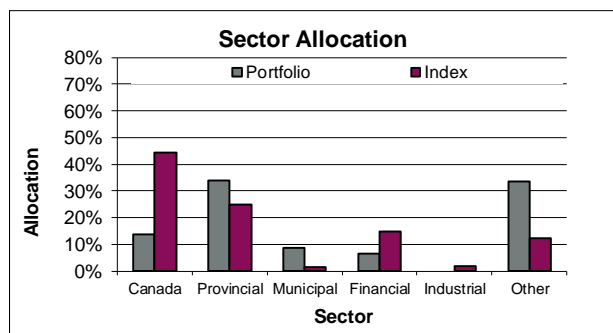
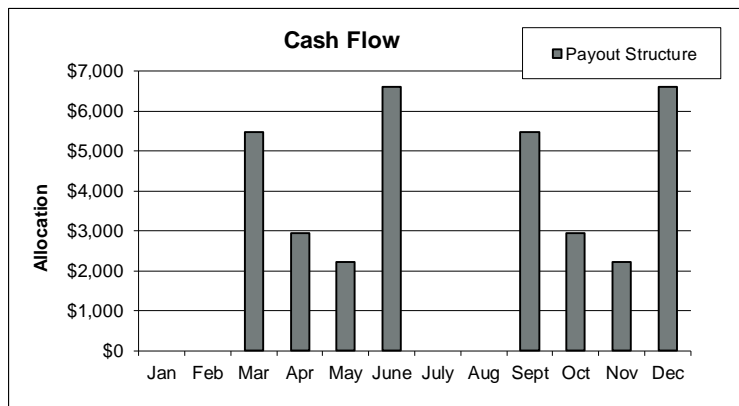
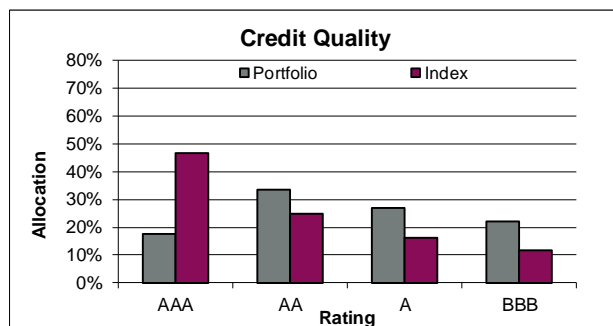
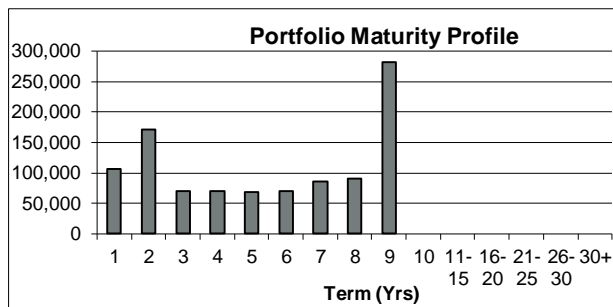
Connected Wealth Fixed Income Ladder

September 30, 2024

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Technical Breakdown

	<u>Index</u>	<u>Portfolio</u>
Weighted Average Yield to Maturity	3.25%	3.46%
Weighted Average Term	6.50	5.33
Weighted Average Coupon	3.37	3.55
Weighted Average Duration	4.98	4.55
Weighted Average Rating		A+
Annual Coupon Payments	\$ 34,492	
Portfolio Cost	\$ 1,016,430	



Portfolio Statement

Issuer	Coupon	Maturity	Rating	Par Value	Price	Yield	Term	Duration	Market Value	%
Cash & Equiv	3.53		AAA	39,200	100.00	3.47	0.07	0.07	\$ 39,793	4%
Wells Fargo	3.87	21-May-25	BBB	66,000	99.83	4.14	0.65	0.63	\$ 66,783	7%
Toronto	2.40	24-Jun-26	AA	87,000	98.84	3.09	1.74	1.68	\$ 86,531	9%
Quebec	2.50	1-Sep-26	AA-	85,000	99.11	2.98	1.93	1.86	\$ 84,395	8%
BC	2.55	18-Jun-27	AA-	71,000	99.00	2.94	2.72	2.59	\$ 70,786	7%
CMHC	2.65	15-Dec-28	AAA	70,000	99.10	2.88	4.22	3.93	\$ 69,896	7%
Canada	2.25	1-Jun-29	AAA	69,000	98.30	2.64	4.68	4.37	\$ 68,330	7%
BCE	2.50	14-May-30	BBB	75,000	93.02	3.89	5.63	5.12	\$ 70,455	7%
TC Energy	2.97	9-Jun-31	BBB+	90,000	95.28	3.77	6.70	5.94	\$ 86,554	9%
Ontario	3.75	2-Jun-32	A+	87,000	102.43	3.39	7.68	6.57	\$ 90,159	9%
Saskatchewan	5.80	5-Sep-33	AA	83,000	117.05	3.56	8.95	7.11	\$ 97,446	10%
Endbridge	5.70	6-Oct-33	A-	79,000	112.02	4.09	9.03	6.98	\$ 90,637	9%
HydroOne	4.39	1-Mar-34	A	91,000	103.72	3.91	9.43	7.68	\$ 94,668	9%
Totals	3.55					3.46%	5.33	4.55	\$ 1,016,430	100%

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