

Connected Wealth Laddered Bond

December 31, 2023

Throughout the year, the financial landscape witnessed significant shifts and challenges. In Q1, the Canadian Bond Universe posted a 3.22% gain, but concerns arose with the collapse of Silicon Valley Bank and other U.S. regional lenders. The BoC raised rates in January, but the central bank decided to hold for the rest of the quarter, emphasizing the need for further hikes. The economy showed growth, fueling concerns about lingering inflation.

In Q2, the Bank of Canada took a proactive stance, raising the overnight lending rate to 4.75%. Despite challenges in the fixed income market, positive returns of 2.51% were achieved for the first half of the year.

During Q3, markets experienced fluctuations, transitioning from recession fears to hopes of a soft landing. The Canadian bond universe faced a downturn, down 1.46% for the year as of the end of September, while inflation in Canada moderated. The BoC raised rates in July, but signs of a softening job market and weak economic data prompted a pause in September. Interest rate concerns resurfaced with a 'higher for longer' message, impacting yields and sparking discussions about slowing growth.

Finally, fixed income showcased robust performance in Q4, witnessing an 8.27% increase in the Canadian bond universe for the quarter and ending the year up 6.7%. Bonds benefited from a subsiding inflation trend and a temporary pause by central banks. The final weeks also saw a significant reduction in credit spreads, amplifying returns in credit-focused segments of the bond market.

Fixed income yields reached decades long highs over the year. Within Canada, economic activity has slowed, and property sales have seen a substantial decline. In October, the Consumer Price Index rose by 3.1% on a year-over-year basis, though still above the central bank's 2% target. This figure is notably lower than the peak of 8.1% in June 2022 and the 3.8% recorded in September.

As inflation shows signs of easing, developed market central banks, including Canada, are likely concluding their hiking cycles. Attention has now shifted to the timing and pace of potential rate cuts. Historically, central banks refrain from cutting rates before downturns, opting to ease only after recessionary conditions surface and often delivering more cuts than initially anticipated by the markets.

Performance

	Ladder	Benchmark	Relative
1 month	2.22%	2.58%	-0.36%
3 month	5.37%	6.17%	-0.80%
6 month	3.93%	4.11%	-0.18%
1 year	5.61%	5.61%	0.00%
YTD	5.61%	5.61%	0.00%
3 year	1.57%	1.49%	0.08%
5 year	1.29%	1.25%	0.04%
7 year	0.90%	0.87%	0.04%
Inception	3.80%	3.27%	0.53%

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

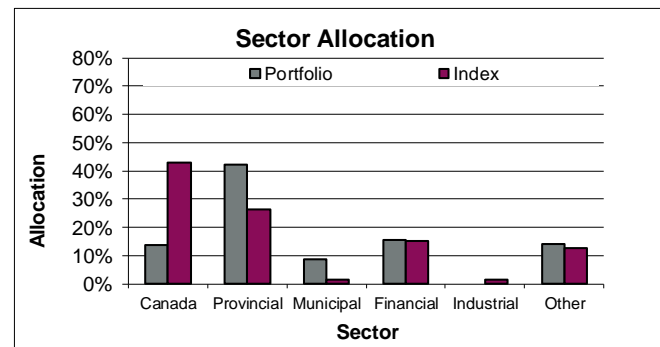
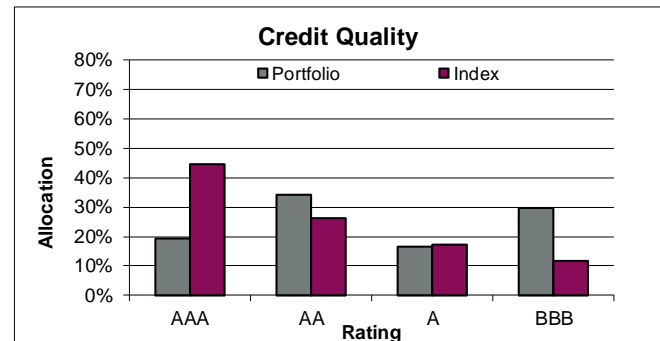
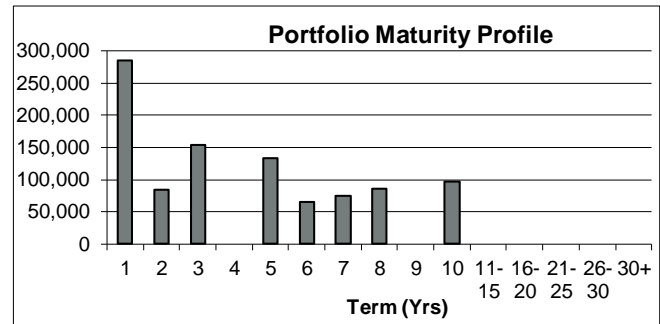
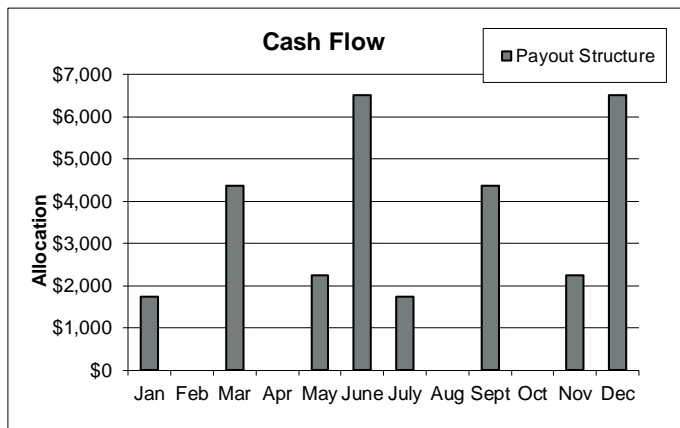
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Technical Breakdown

	Index	Portfolio
Weighted Average Yield to Maturity	3.26%	3.89%
Weighted Average Term	6.41	4.28
Weighted Average Coupon	3.02	3.04
Weighted Average Duration	4.95	3.74
Weighted Average Rating		A+
Annual Coupon Payments		\$ 29,730
Portfolio Cost		\$ 980,616



Portfolio Statement

Issuer	Coupon	Maturity	Rating	Par Value	Price	Yield	Term	Duration	Market Value	%
Cash & Equiv	2.47		AAA	56,000	100.00	2.44	0.02	0.02	\$ 56,657	6%
National Bank of Canada	2.55	12-Jul-24	BBB+	83,000	99.50	3.49	0.54	0.52	\$ 83,559	9%
Ontario	2.30	8-Sep-24	A+	78,000	98.34	4.76	0.70	0.67	\$ 77,256	8%
Wells Fargo	3.87	21-May-25	BBB	69,000	98.20	5.23	1.39	1.33	\$ 68,034	7%
Toronto	2.40	24-Jun-26	AA	88,000	96.45	3.91	2.49	2.38	\$ 84,900	9%
Quebec	2.50	1-Sep-26	AA-	87,000	96.95	3.71	2.68	2.53	\$ 85,061	9%
BC	2.55	18-Jun-27	AA	72,000	96.55	3.62	3.47	3.28	\$ 69,574	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+	72,000	89.50	4.41	6.38	5.76	\$ 64,663	7%
TC Energy	2.97	9-Jun-31	BBB+	84,000	89.12	4.72	7.45	6.52	\$ 74,994	8%
Ontario	3.75	2-Jun-32	A+	85,000	100.23	3.72	8.43	7.15	\$ 85,427	9%
Saskatchewan	5.80	5-Sep-33	AA	82,000	115.80	3.83	9.69	7.46	\$ 96,462	10%
Totals	3.04					3.89%	4.28	3.74	\$ 980,616	100%

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