

Connected Wealth Laddered Bond

December 31, 2024

RICHARDSON Wealth

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

The fourth quarter of 2024 highlighted the ongoing challenges facing bond markets, with mixed results across regions and credit quality. In the U.S., economic resilience and persistent inflation continued to complicate the Federal Reserve's path toward rate cuts. The Fed's cautious stance, supported by steady consumer spending and a strong labor market, kept Treasury yields elevated early in the quarter, leading to sharp losses for bonds in October. However, as the quarter progressed, improving inflation data and a slowdown in GDP growth tempered bond market volatility. The U.S. Aggregate Bond Index ended the quarter positively, though full-year performance remained muted finishing the year up 1.3%. High-yield bonds outperformed significantly, rising 8% in Q4 as risk sentiment improved.

In Canada, bonds outperformed their U.S. counterparts, buoyed by the Bank of Canada's decisive action to stimulate the economy through aggressive rate cuts, including two 50-basis-point reductions in October and December. The overnight rate started the year at 5%, and ended at 3.25%. Despite sluggish GDP growth and rising inflation, Canadian bonds, as measured by the FTSE TMX Universe, finished the year up over 4%. Canadian preferred shares shone, delivering an impressive 25% return for the year, underscoring the divergence in performance across credit sectors.

As we move into 2025, fixed income markets are navigating a delicate balance of elevated inflation, uneven global growth, and tighter monetary policies compared to pre-pandemic levels. In the US, monetary policy easing unfolds against a backdrop of historically tight labour markets approaching full employment, and inflation rates for core and services sectors remaining above pre-pandemic norms. This unusual convergence of monetary easing and labour market constraints introduces a complex dynamic rarely seen in prior cycles.

Performance

	Ladder	Benchmark	Relative
1 month	0.12%	0.05%	0.07%
3 month	0.36%	0.12%	0.24%
6 month	4.40%	4.52%	-0.12%
1 year	5.71%	5.18%	0.53%
YTD	5.71%	5.18%	0.53%
3 year	2.00%	1.05%	0.95%
5 year	2.35%	1.72%	0.63%
7 year	2.69%	2.13%	0.56%
10 year	2.60%	2.05%	0.55%
Inception	0.20%	0.17%	0.02%

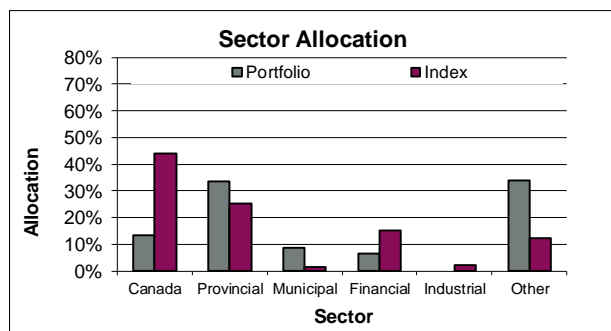
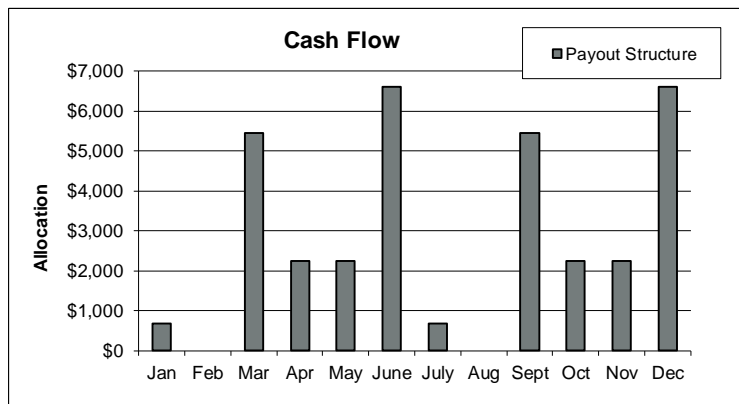
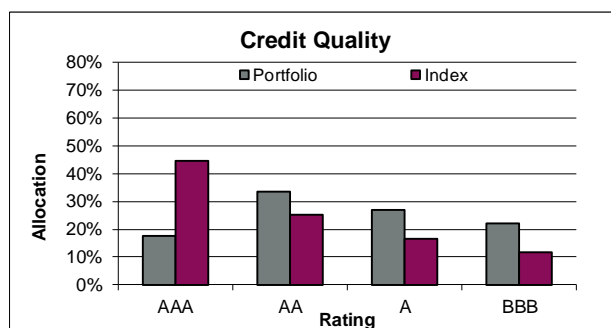
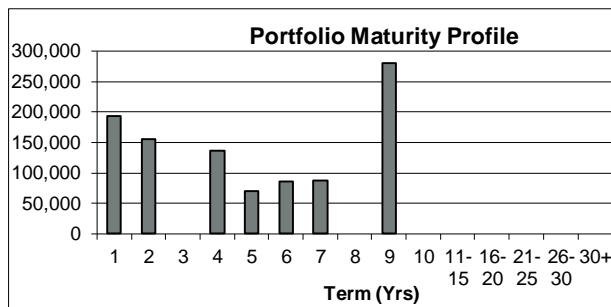
Connected Wealth Fixed Income Ladder

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Technical Breakdown

	<u>Index</u>	<u>Portfolio</u>
Weighted Average Yield to Maturity	3.32%	3.51%
Weighted Average Term	6.44	5.06
Weighted Average Coupon	3.34	3.54
Weighted Average Duration	4.94	4.33
Weighted Average Rating		A+
Annual Coupon Payments	\$ 34,515	
Portfolio Cost	\$ 1,011,276	



Portfolio Statement

Issuer	Coupon	Maturity	Rating	Par Value	Price	Yield	Term	Duration	Market Value	%
Cash & Equiv	3.51		AAA	39,400	100.00	3.45	0.03	0.03	\$ 40,046	4%
Wells Fargo	3.87	21-May-25	BBB	67,000	100.07	3.68	0.39	0.38	\$ 67,333	7%
Toronto	2.40	24-Jun-26	AA+	87,000	99.10	3.03	1.48	1.44	\$ 86,258	9%
Quebec	2.50	1-Sep-26	AA-	86,000	99.20	2.99	1.67	1.60	\$ 86,033	9%
BC	2.55	18-Jun-27	AA-	71,000	98.93	3.01	2.46	2.37	\$ 70,302	7%
CMHC	2.65	15-Dec-28	AAA	70,000	98.58	3.03	3.96	3.72	\$ 69,090	7%
Canada	2.25	1-Jun-29	AAA	69,000	97.51	2.85	4.42	4.16	\$ 67,408	7%
BCE	2.50	14-May-30	BBB	76,000	92.87	3.99	5.37	4.93	\$ 70,830	7%
TC Energy	2.97	9-Jun-31	BBB+	91,000	94.65	3.92	6.44	5.77	\$ 86,294	9%
Ontario	3.75	2-Jun-32	AA-	86,000	101.30	3.55	7.42	6.42	\$ 87,373	9%
Saskatchewan	5.80	5-Sep-33	AA	82,000	115.35	3.71	8.68	6.84	\$ 96,127	10%
Endbridge	5.70	6-Oct-33	A-	79,000	111.63	4.11	8.77	6.90	\$ 89,253	9%
HydroOne	4.39	1-Mar-34	A	91,000	102.85	4.01	9.17	7.41	\$ 94,929	9%
Totals	3.54					3.51%	5.06	4.33	\$ 1,011,276	100%

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