

# Connected Wealth Laddered Bond

September 30, 2020

**RICHARDSONGMP**  
CONNECTED  
WEALTH

The third quarter of 2020 was a lot less eventful than the second. Bond yields plunged earlier in the year, but unlike the recovery we have seen in equities, those yields have remained low as the market is convinced that rates will stay low for a very long time. The market feels that way for a reason, with central banks and governments controlling fiscal policy now pouring fuel into the economy, and the FOMC and Bank of Canada projecting low rates for years.

Credit spreads have returned to pre-COVID levels, having provided an unbelievable trading opportunity for those in the corporate bond space. The ladder has been positioned well to take advantage of that, but does leave us in a more difficult position looking forward.

Yields are low, the yield curve is flat, and the prospect of excess returns looks difficult going forward. The index and portfolio yields are a meager 1%, so we continue to view this as a capital preservation strategy first and foremost, and we will focus on maintaining liquidity as a consequence of that view.

## Performance

	Ladder	Benchmark	Relative
1 month	0.21%	0.30%	-0.09%
3 month	1.23%	0.89%	0.34%
6 month	4.78%	4.23%	0.55%
1 year	6.27%	6.42%	-0.15%
<b>YTD</b>	<b>6.66%</b>	<b>6.92%</b>	<b>-0.26%</b>
3 year	4.90%	4.64%	<b>0.26%</b>
5 year	3.77%	3.26%	<b>0.51%</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 GMP Asset Management, a division of Richardson GMP, manages over \$450 million 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

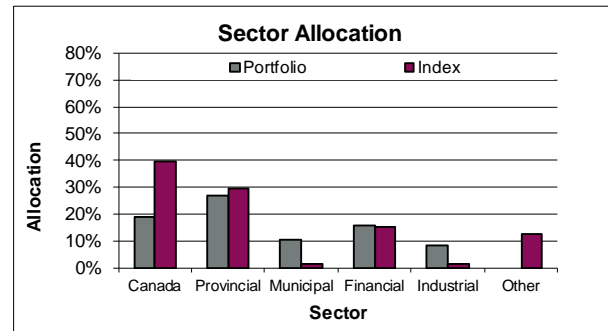
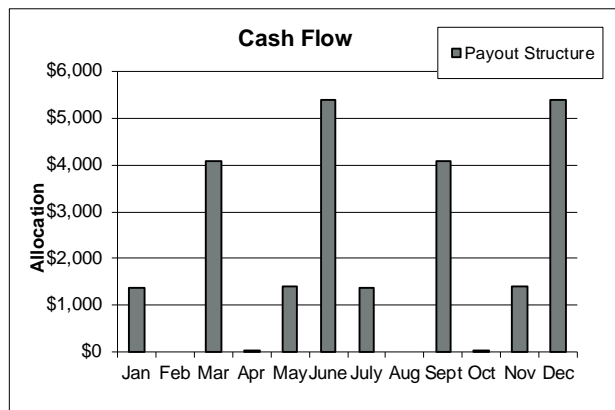
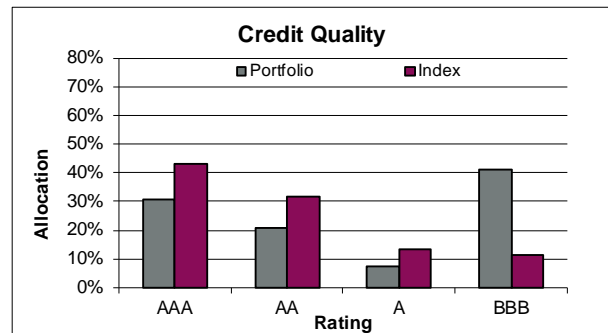
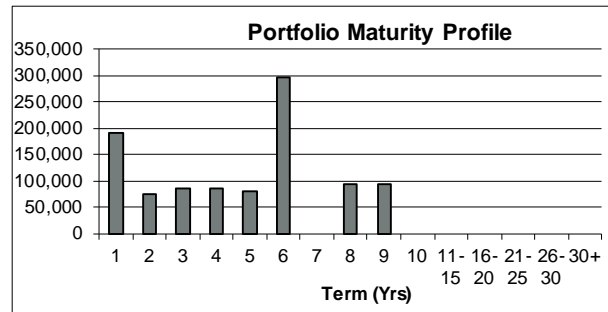
**Connected Wealth Fixed Income Ladder**

September 30, 2020



**Technical Breakdown**

	Index	Portfolio
Weighted Average Yield to Maturity	1.04%	1.05%
Weighted Average Term	6.97	4.61
Weighted Average Coupon	2.72	2.66
Weighted Average Duration	5.61	4.28
Weighted Average Rating		A+
Annual Coupon Payments		\$ 24,583
Portfolio Cost		\$ 997,587



**Portfolio Statement**

Issuer	Coupon	Maturity	Rating	Par Value	Price	Yield	Term	Duration	Market Value	%
Cash	0.25		AAA	29,600	100.00	0.25	0.02	0.02	\$ 29,635	3%
Ford Credit	3.28	2-Jul-21	BBB-	84,000	100.20	3.01	0.75	0.74	\$ 84,842	9%
BNS	2.58	30-Mar-22	BBB+	75,000	102.33	1.01	1.50	1.47	\$ 76,748	8%
Ontario	3.15	2-Jun-22	A+	70,000	104.69	0.33	1.67	1.62	\$ 74,006	7%
Emera	2.90	13-Jun-23	BBB	80,000	104.73	1.12	2.70	2.59	\$ 84,475	8%
Ontario	2.30	8-Sep-24	A+	80,000	106.54	0.62	3.94	3.78	\$ 85,344	9%
Wells Fargo	3.87	21-May-25	BBB+	72,000	108.37	1.98	4.64	4.21	\$ 79,027	8%
Toronto	2.40	24-Jun-26	AA	95,000	108.38	0.90	5.73	5.35	\$ 103,571	10%
Quebec	2.50	1-Sep-26	AA-	95,000	109.76	0.81	5.92	5.53	\$ 104,462	10%
BC	2.55	30-Mar-27	AAA	79,000	110.73	0.85	6.50	6.03	\$ 87,477	9%
CMHC	2.65	15-Dec-28	AAA	82,000	114.32	0.84	8.21	7.41	\$ 94,378	9%
Canada	2.25	1-Jun-29	AAA	81,000	114.84	0.50	8.67	7.92	\$ 93,623	9%
<b>Totals</b>	<b>2.66</b>					<b>1.05%</b>	<b>4.61</b>	<b>4.28</b>	<b>\$ 997,587</b>	<b>100%</b>

Disclaimer: The information contained herein has been obtained from sources, which we believe to be reliable, but we cannot guarantee its accuracy or completeness. Prices and yields are indicative only and subject to change without notice, and the information presented should not be construed as an offer to sell or a solicitation for or an offer to buy any securities. Before acting upon any information contained in this report, you should consider whether it is suitable for your particular circumstances by seeking professional advice. All rights reserved. Richardson GMP Ltd is a member of the Investment Industry Regulatory Organization of Canada a("IIROC") and the Canadian Investor Protection Fund ("CIPF").

The research above is prepared by Richardson GMP Limited and is current as at the date on page 1. Richardson GMP Limited is a member of the Canadian Investor Protection Fund and IIROC. Richardson is a trade-mark of James Richardson & Sons Limited. GMP is a registered trade-mark of GMP Securities L.P. Both used under license by Richardson GMP Limited.

This research has been prepared for the use of the clients of Richardson GMP Limited and must not be copied, either in whole or in part, or distributed to any other person. If you are not the intended recipient, you must not use or disclose the information in this research in any way. Nothing in this research shall be construed as a solicitation to buy or sell any security or product, or to engage in or refrain from engaging in any transaction. This research is general advice and does not take account of your objectives, financial situation or needs. Before acting on this general advice you should therefore consider the appropriateness of the advice having regard to your situation. We recommend you obtain financial, legal and taxation advice before making any financial investment decision. Past performance is not a reliable indicator of future performance. There are risks involved in securities trading. The price of securities can and does fluctuate and an individual security may even become valueless. International investors are reminded of the additional risks inherent in international investments, such as currency fluctuations and international stock market or economic conditions, which may adversely affect the value of the investment. This research is based on information obtained from sources believed to be reliable, but we do not make any representation or warranty that it is accurate, complete or up to date. We accept no obligation to correct or update the information or opinions in it. Opinions expressed are subject to change without notice. No member of the Richardson GMP Limited accepts any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this research and/or further communication in relation to this research.

Richardson GMP Limited or its associates, officers or employees may have interests in the financial products referred to in this report by acting in various roles including as investment banker, underwriter or dealer, holder of principal positions, broker, lender, director or adviser. Further, they may act as market maker or buy or sell those securities as principal or agent and, as such, may affect transactions which are not consistent with the recommendations (if any) in this research. Richardson GMP.

Richardson GMP Limited is a member of Canadian Investor Protection Fund. Richardson Wealth is a registered trademark of James Richardson & Sons, Limited used under license.