

Connected Wealth Tactical ETF

11 March 2021

RICHARDSON

Wealth

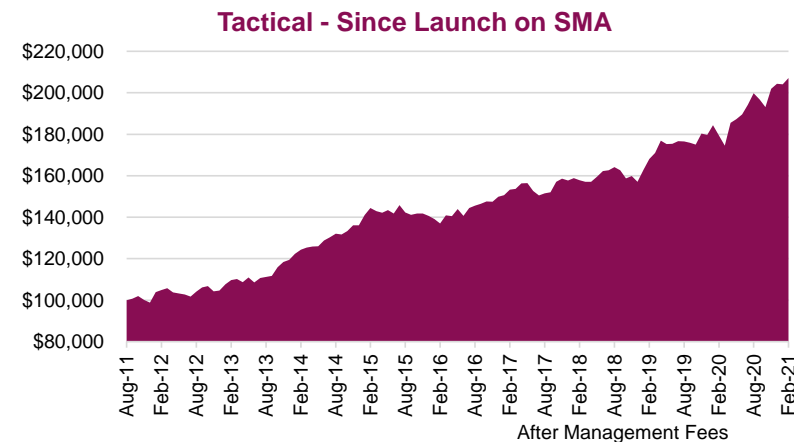
CONNECTED
WEALTH

Objective

Provide long term capital appreciation with lower volatility and correlation to the overall equity market.

Investment philosophy

Market swings have become larger, more pronounced and faster over the past decade increasing the need for a tactical component for investment portfolios. Connected Wealth Tactical was designed as a side-car strategy to provide this tactical shift to the asset mix. Tactical utilizes a technical/quantitative approach to increase equity exposure in up-trending markets and increase bond exposure in down-trending equity markets. The portfolio can oscillate between 100% equity and 100% bonds while its average mix has been approximately 60% equity and 40% bonds.



Characteristics

Asset class	Tactical Balanced
Geographic	North American
Focus	Equity & Bond ETFs
Objective	Risk reducing side-car strategy
Approx. # of holdings	3-8
Turnover	This is a high turnover strategy
Benchmark	40% TSX / 20% S&P 500 / 40% FTSE Dex

The Manager

Connected Wealth, a service of Richardson Wealth, manages ~\$1 billion in assets across a number of North American equity, bond and ETF strategies.

Craig Basinger
Portfolio Manager

Chris Kerlow
Portfolio Manager

Derek Benedet
Portfolio Manager

Alexander Tjiang
Analyst

Performance & Risk

Objective: Diversification and low volatility with some capital appreciation **Benchmark:** 40% TSX + 20% S&P + 40% FTSE TMX Domestic Bond

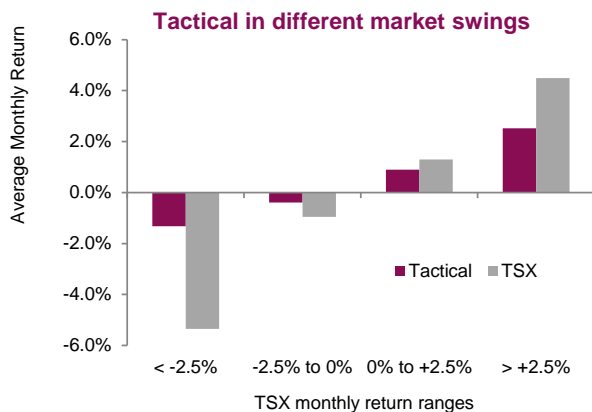
Available: Institutional account size only, strategy is also available in Fund & ETF

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2011	Tactical									0.7	1.3	-1.8	-1.2	-1.1
	Benchmark									-3.8	3.8	0.7	-0.3	0.3
2012	Tactical	5.1	1.0	0.8	-1.9	-0.4	-0.5	-1.0	2.5	2.0	0.6	-2.4	0.5	6.1
	Benchmark	2.1	1.1	0.1	-0.5	-2.0	0.9	0.6	1.1	2.1	0.3	-0.2	0.8	6.5
2013	Tactical	2.9	1.9	0.5	-1.3	2.1	-2.1	2.0	0.5	0.4	3.8	2.2	0.9	14.4
	Benchmark	1.7	1.9	0.6	-0.2	1.2	-2.3	1.9	0.3	1.0	3.4	1.1	1.1	12.2
2014	Tactical	2.4	1.8	0.8	0.5	0.1	2.2	1.2	1.4	-0.2	1.2	2.1	0.0	13.4
	Benchmark	1.6	2.5	0.6	1.2	0.7	1.8	1.0	2.0	-1.5	0.0	1.9	0.4	12.6
2015	Tactical	3.7	2.5	-1.0	-0.5	0.9	-1.1	2.8	-2.4	-0.8	0.5	0.0	-0.7	3.7
	Benchmark	3.1	2.3	-0.9	-0.3	0.5	-1.6	1.8	-3.2	-1.8	2.0	0.4	-0.4	1.6
2016	Tactical	-1.1	-1.6	2.9	-0.2	2.4	-2.3	2.8	0.8	0.6	0.8	-0.1	1.6	6.8
	Benchmark	-1.1	-0.4	2.9	0.8	1.9	0.7	2.8	0.3	0.6	-0.1	0.8	0.9	10.6
2017	Tactical	0.5	1.8	0.3	1.7	0.1	-2.3	-1.4	0.7	0.4	3.3	1.0	-0.5	5.5
	Benchmark	0.1	1.7	1.1	1.6	-0.6	-1.6	-1.1	0.9	1.1	2.8	1.1	0.0	7.7
2018	Tactical	0.7	-0.6	-0.4	0.0	1.6	1.7	0.2	1.0	-1.0	-2.3	0.7	-1.7	-0.2
	Benchmark	-0.1	-1.1	-0.2	0.4	2.2	1.3	0.7	0.7	-0.8	-3.8	1.4	-2.8	-2.2
2019	Tactical	3.7	3.2	1.7	3.5	-0.9	0.1	0.7	0.0	-0.3	-0.5	3.0	-0.3	14.7
	Benchmark	5.1	2.2	2.0	2.1	-1.6	2.1	0.6	0.8	0.7	-0.1	2.6	-0.1	16.9
2020	Tactical	2.6	-2.8	-2.6	6.3	0.9	1.3	2.4	2.9	-1.5	-1.8	4.6	1.2	14.4
	Benchmark	2.2	-3.6	-9.4	8.2	2.0	1.8	3.2	1.7	-1.0	-2.1	6.3	1.2	9.4
2021	Tactical	-0.1	1.2											
	Benchmark	-0.7	1.2											

	<u>Tactical</u> ETF	<u>Benchmark</u>	<u>Relative</u>	<u>Statistic</u>	<u>Description</u>	<u>Tactical</u> ETF	<u>Benchmark</u>
1-month	1.2%	1.2%	0.0%	Sharpe Ratio	Performance relative to risk (higher is better)	1.17	0.96
3-months	2.4%	1.8%	0.6%	Max Drawdown	Largest decline from peak to trough (less is better)	-5.3%	-12.6%
6-months	3.5%	4.8%	-1.3%	Up Market Capture	% of upside market participation (higher is better)	91%	100%
1-year	15.5%	11.6%	3.9%	Down Market Capture	% of downside market participation (lower is better)	73%	100%
YTD	1.2%	0.5%	0.6%	Standard Deviation	Volatility (lower is better)	6.1%	7.1%
3-year	9.7%	8.4%	1.3%	Downside Deviation	Volatility of down months (lower is better)	2.9%	6.2%
5-year	8.8%	8.7%	0.1%	Beta	Volatility relative to the benchmark	0.70	1.00
Inception	8.2%	7.8%	0.4%				

Composition

Risk vs Return



Source: Richardson Wealth

Holdings

<u>Model Driven Positions</u>	<u>Focus</u>	<u>Weight</u>
ISHARES CORE S&P/TSX CAPPED	Cdn Equity	0.0%
HORIZONS S&P/TSX 60 INDEX ET	Cdn Equity	46.3%
VANGUARD CANADIAN ST BD ETF	Cdn Bond	17.8%
ISHARES CORE S&P 500 INDEX E	US Equity	0.0%
VANGUARD TOTAL STOCK MKT ETF	US Equity	14.9%
VANGUARD SHORT-TERM BOND ETF	US Bond	19.0%
INVESCO QQQ TRUST SERIES 1	US Tech	0.0%
VANGUARD SHORT-TERM BOND ETF	US Bond	0.0%

Discretionary

HORIZONS S&P/TSX 60 INDEX ET	Cdn Equity	0.0%
VANGUARD TOTAL STOCK MKT ETF	US Equity	0.0%
VANGUARD CANADIAN ST BD ETF	Cdn Bond	0.0%

The research above is prepared by Richardson Wealth Limited and is current as at the date on page 1. Please note that past performance is not necessarily an indicator of future performance. The indicated rates of return are **gross** of fees and/or commissions. Individual results of client portfolios may differ from that of the representative portfolio as fees may differ, and performance of specific accounts is based on specific account investiture. The noted representative portfolio may not be appropriate for all investors.

This research has been prepared for the use of the clients of Richardson Wealth 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 Wealth 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 Wealth 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 Wealth Limited is a member of the Canadian Investor Protection Fund and IIROC.
Richardson Wealth is a trademark of James Richardson & Sons, Limited used under license.