

Connected Wealth Tactical ETF

10 December 2020

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

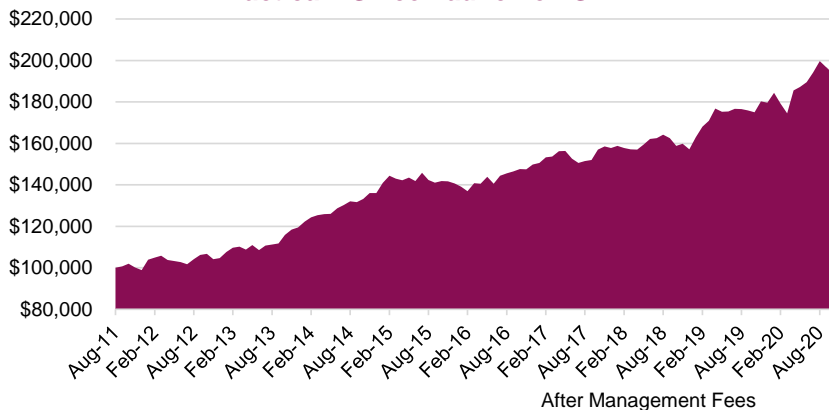
Objective Risk reducing side-car strategy

Approx. # of holdings 3-8

Turnover This is a high turnover strategy

Benchmark 40% TSX / 20% S&P 500 / 40% FTSE Dex

Tactical - Since Launch on SMA



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

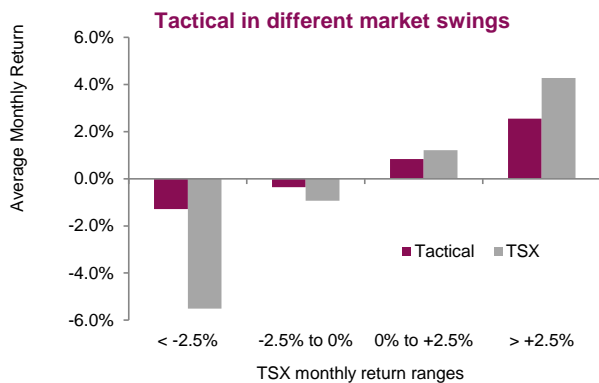
Available: Institutional account size only, strategy is also available in Fund & ETF

		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		
	Benchmark	2.2	-3.6	-9.4	8.2	2.0	1.8	3.2	1.7	-1.0	-2.1	6.3		

	Tactical ETF	Benchmark	Relative	Statistic	Description	Tactical ETF	Benchmark
1-month	4.6%	6.3%	-1.7%	Sharpe Ratio	Performance relative to risk (higher is better)	1.17	0.96
3-months	1.5%	3.0%	-1.6%	Max Drawdown	Largest decline from peak to trough (less is better)	-5.3%	-12.6%
6-months	8.3%	9.6%	-1.2%	Up Market Capture	% of upside market participation (higher is better)	91%	100%
1-year	12.7%	8.0%	4.7%	Down Market Capture	% of downside market participation (lower is better)	73%	100%
YTD	13.0%	8.1%	4.9%	Standard Deviation	Volatility (lower is better)	6.2%	7.1%
3-year	8.8%	7.3%	1.5%	Downside Deviation	Volatility of down months (lower is better)	2.8%	6.2%
5-year	7.7%	7.9%	-0.2%	Beta	Volatility relative to the benchmark	0.70	1.00
Inception	8.2%	7.9%	0.3%				

Composition

Risk vs Return



Source: Richardson Wealth

Holdings

Model Driven Positions	Focus	Weight
ISHARES CORE S&P/TSX CAPPED	Cdn Equity	0.0%
HORIZONS S&P/TSX 60 INDEX ET	Cdn Equity	52.1%
VANGUARD CANADIAN ST BD ETF	Cdn Bond	3.5%
ISHARES CORE S&P 500 INDEX E	US Equity	0.0%
VANGUARD TOTAL STOCK MKT ETF	US Equity	23.8%
VANGUARD SHORT-TERM BOND ETF	US Bond	2.8%
INVESCO QQQ TRUST SERIES 1	US Tech	7.7%
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	8.2%

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