

# Connected Wealth Laddered Bond

September 30, 2021

Q3 seemed to be business as usual in the bond market, right until the finish line was in sight, at which point a quick move higher in yields sent prices lower. It was the mid-range bonds that fared the worst, and credit positions helped as equities remained constructive.

A look through our recent [Investor Strategy](#) should give you a deeper view into our outlook for bonds. Inflation is our primary concern as we feel that wages and politics could contribute to higher baseline levels of inflation than we have become used to in the past few decades. Goods prices will fade as certain supply chains ease and people find substitutes, but we see the impetus for higher services prices. In addition to the new climate that seems to favour labour over capital, the political will to build more robust supply chains is likely to be inflationary since we won't be looking simply to maximize economic output per unit of input.

This will keep us focused on the shorter side of the yield curve, and on businesses with strong ability to pass along any cost inputs they face.

Of course, with a ladder our decisions are somewhat limited by our structure. Given the narrow spreads in the corporate credit world, we will be cautious in terms of credit exposure going forward. While corporate bonds can quite easily stay this expensive relative to government bonds, negative real yields are harder to stomach in corporate bonds vs. those in government bonds.

## Performance

	Ladder	Benchmark	Relative
1 month	-0.65%	-0.87%	0.21%
3 month	0.18%	0.03%	0.14%
6 month	0.70%	0.86%	-0.16%
1 year	-0.52%	-1.18%	0.67%
<b>YTD</b>	<b>-1.11%</b>	<b>-1.72%</b>	<b>0.61%</b>
3 year	4.29%	3.98%	<b>0.31%</b>
5 year	2.81%	1.76%	<b>1.05%</b>
7 year	3.11%	2.90%	<b>0.21%</b>

# RICHARDSON Wealth

## 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

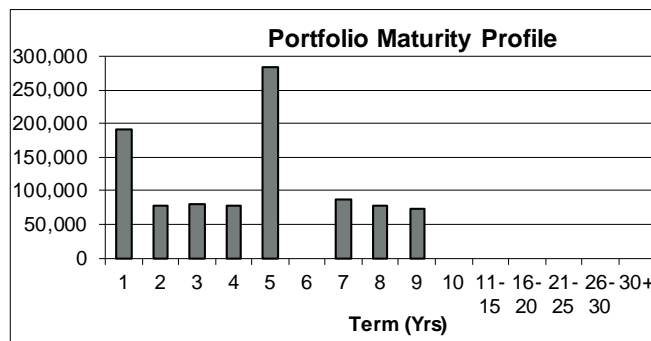
## The Manager

Richardson 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.

**James Price**  
Portfolio Manager

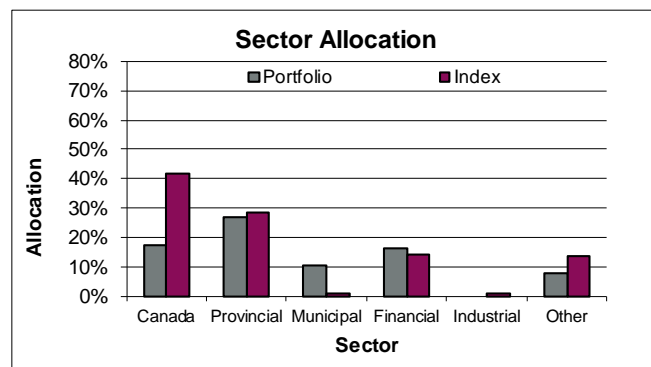
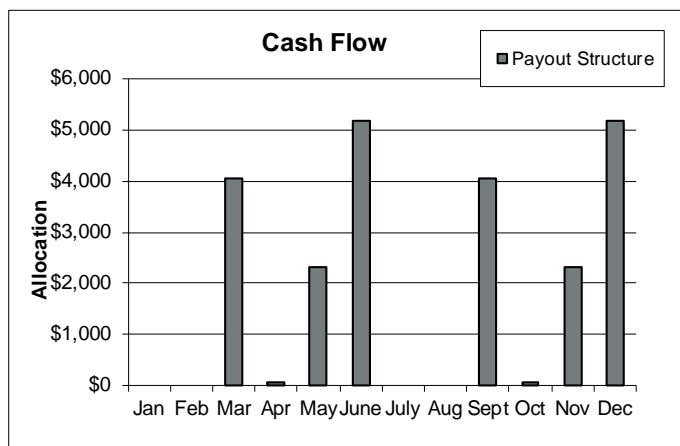
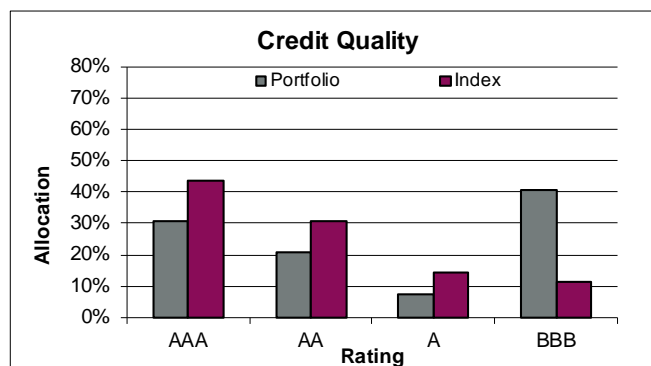
**Connected Wealth Fixed Income Ladder**

September 30, 2021



**Technical Breakdown**

	Index	Portfolio
Weighted Average Yield to Maturity	1.21%	1.28%
Weighted Average Term	6.83	4.23
Weighted Average Coupon	2.51	2.56
Weighted Average Duration	5.49	3.91
Weighted Average Rating		A+
Annual Coupon Payments		\$ 23,215
Portfolio Cost		\$ 950,912



**Portfolio Statement**

Issuer	Coupon	Maturity	Rating	Par Value	Price	Yield	Term	Duration	Market Value	%
Cash	0.25		AAA	46,000	100.00	0.25	0.03	0.03	\$ 46,054	5%
BNS	2.58	30-Mar-22	BBB+	75,000	100.96	0.65	0.50	0.50	\$ 75,720	8%
Ontario	3.15	2-Jun-22	A+	68,000	101.91	0.30	0.67	0.66	\$ 70,001	7%
Emera	2.90	13-Jun-23	BBB	76,000	102.98	1.13	1.70	1.65	\$ 78,921	8%
Ontario	2.30	8-Sep-24	A+	78,000	103.98	0.92	2.94	2.84	\$ 81,213	9%
Wells Fargo	3.87	21-May-25	BBB+	72,000	107.09	1.85	3.64	3.37	\$ 78,105	8%
Toronto	2.40	24-Jun-26	AA	94,000	104.65	1.38	4.73	4.45	\$ 98,975	10%
Quebec	2.50	1-Sep-26	AA-	95,000	105.59	1.32	4.92	4.63	\$ 100,501	11%
BC	2.55	30-Mar-27	AAA	79,000	105.95	1.42	5.50	5.14	\$ 83,701	9%
CMHC	2.65	15-Dec-28	AAA	80,000	107.14	1.60	7.21	6.53	\$ 86,332	9%
Canada	2.25	1-Jun-29	AAA	72,000	106.87	1.31	7.67	7.02	\$ 77,482	8%
BCE	2.50	14-May-30	BBB-	74,000	98.93	2.64	8.62	7.63	\$ 73,907	8%
<b>Totals</b>	<b>2.56</b>					<b>1.28%</b>	<b>4.23</b>	<b>3.91</b>	<b>\$ 950,912</b>	<b>100%</b>

The research above is prepared by Richardson Wealth Limited and is current as at the date on page 1.

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