

# Connected Wealth Fixed Income

June 30, 2020

**RICHARDSON**GMP

CONNECTED  
WEALTH

Where do we even start in recapping Q2 2020?

The COVID 19 pandemic revealed richly priced securities, liquidity issues in certain structures like bond ETFs, and business continuity challenges. While at this point, we think it is well analyzed, we would be remiss if we did not discuss the titanic liquidity provisions being provided by global central banks. With the Federal Reserve firstly slashing rates to the lower bound, and now being buyers of corporate debt to help maintain “liquidity”, the bond market ripped higher bringing forward years of yield into Q2.

We were right in the middle of it at the point of our Q1 commentary, but what we have seen since is equally wild in terms of market behaviours. The buying in the Canada space remains, with “risk-free” yields remaining extremely low across the curve. This comes despite the Fitch rating for Canada being cut to AA+. Meanwhile, corporate credit has been the monster performer, backstopped by central banks.

All this has proven to be decent returns in the fixed income portfolio. In hindsight staying with such short duration limited the gains and the volatility during the quarter. Similarly the conservative stance to corporate credit was worthwhile for heading into a recession, but not an environment with such massive amount of fiscal stimulus.

With the entire Canada curve, save the longest 30 year bond, yielding below 1%, this will be a difficult area to do any more than preserve capital.

## Performance

	Fixed Income	Benchmark	Relative
1 month	0.89%	1.69%	-0.80%
3 month	3.09%	5.87%	-2.78%
6 month	4.56%	7.53%	-2.97%
1 year	5.00%	7.90%	-2.89%
<b>YTD</b>	<b>4.56%</b>	<b>7.53%</b>	<b>-2.97%</b>
3 year	3.69%	5.29%	-1.59%
5 year	3.14%	4.19%	-1.05%

## Strategy Overview

Asset class	Bonds
Focus	Canada
Style	Active
# of Holdings	11
Benchmark	FTSE TMX Canada Universe Bond Index

## Strategy

The portfolio invests in Canadian bonds and debentures, with a focus on capital preservation and income. Leveraging the team’s macro research and market cycle outlook, Connected Wealth Fixed Income is actively managed with a focus on identifying and positioning the portfolio to benefit or avoid key long term interest rate and credit trends.

## 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

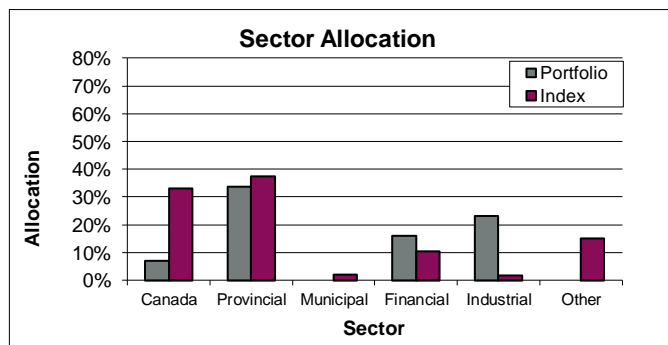
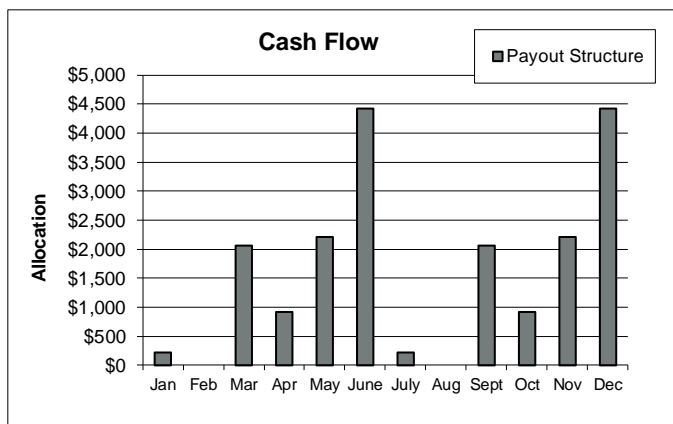
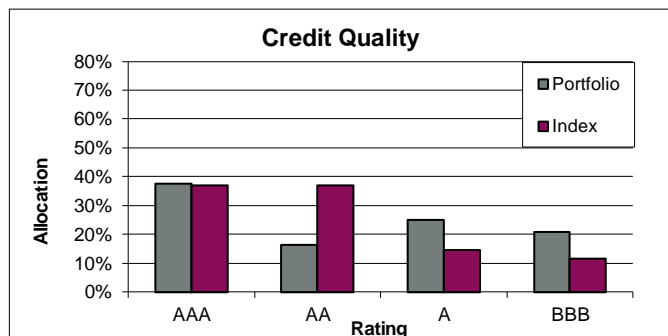
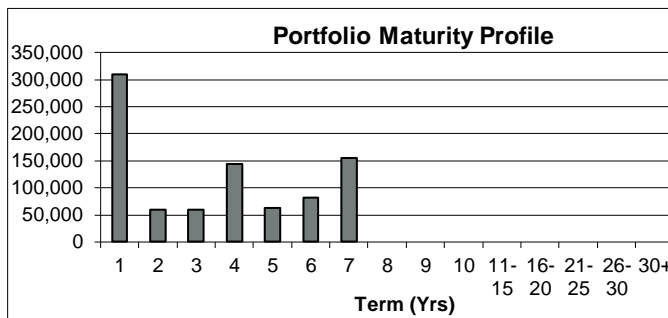
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**Technical Breakdown**

	<u>Index</u>	<u>Portfolio</u>
Weighted Average Yield to Maturity	1.33%	<b>0.95%</b>
Weighted Average Term	11.09	<b>3.25</b>
Weighted Average Coupon	3.04	<b>2.38</b>
Weighted Average Duration	8.48	<b>3.05</b>
Annual Coupon Payments	\$ 19,639	
Portfolio Cost	\$ 873,910	



**Portfolio Statement**

Issuer	Coupon	Maturity	Rating	Par Value	Price	Yield	Term	Duration	Market Value	%
Cash Equivalent	0.25		AAA	174,116	100.00	0.25	0.01	0.01	\$ 174,116	19.9%
TD Bank	2.98	30-Sep-20	A-	75,000	100.49	1.02	0.25	0.25	\$ 75,924	8.7%
Province of Quebec	4.25	1-Dec-21	AA-	57,000	105.47	0.39	1.42	1.39	\$ 60,310	6.9%
Rogers Communications	4.00	6-Jun-22	BBB+	56,000	105.57	1.08	1.93	1.87	\$ 59,266	6.8%
Manitoba	2.55	2-Jun-23	A+	56,000	105.68	0.59	2.92	2.83	\$ 59,290	6.8%
TELUS Corp	3.35	1-Apr-24	BBB+	55,000	106.62	1.53	3.76	3.51	\$ 59,094	6.8%
ABIBB	2.60	15-May-24	A	82,000	103.08	1.77	3.88	3.67	\$ 84,792	9.7%
Wells Fargo	3.87	21-May-25	BBB+	59,000	107.30	2.29	4.89	4.45	\$ 63,555	7.3%
Quebec	2.50	1-Sep-26	AA-	75,000	109.21	0.96	6.18	5.71	\$ 82,524	9.4%
Canada	1.00	1-Jun-27	AAA	60,000	104.02	0.41	6.92	6.69	\$ 62,460	7.1%
BC	2.55	18-Jun-27	AAA	84,000	110.13	1.04	6.97	6.42	\$ 92,579	10.6%
<b>Totals</b>	<b>2.38</b>					<b>0.95%</b>	<b>3.25</b>	<b>3.05</b>	<b>\$ 873,910</b>	<b>100%</b>

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