

Connected Wealth Fixed Income

September 30, 2020



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 fixed income mandate is overweight credit, but underweight duration, which has been a positive and negative respectively.

Looking forward, yields are low, the yield curve is flat, and the prospect of excess returns looks difficult going forward. The index yield is a meager 1.27% while portfolio yield of 2.88% looks good on a relative basis, but 2.88% is not much. We continue to view this as a tactical strategy first and foremost, and we will focus on maintaining liquidity as a consequence of that view.

Performance

	Fixed Income	Benchmark	Relative
1 month	0.36%	0.32%	0.04%
3 month	1.33%	0.45%	0.89%
6 month	4.45%	6.34%	-1.90%
1 year	5.79%	7.10%	-1.31%
YTD	5.94%	8.01%	-2.08%
3 year	4.38%	6.09%	-1.71%
5 year	3.37%	4.25%	-0.89%

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

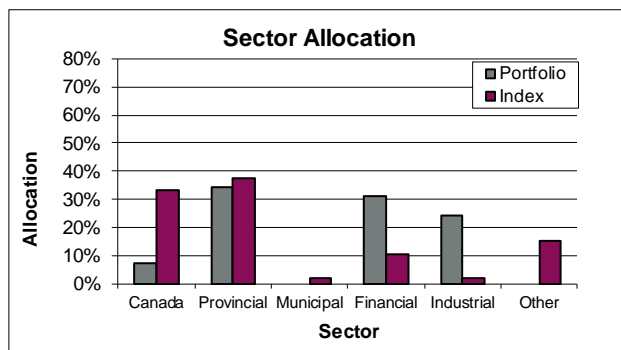
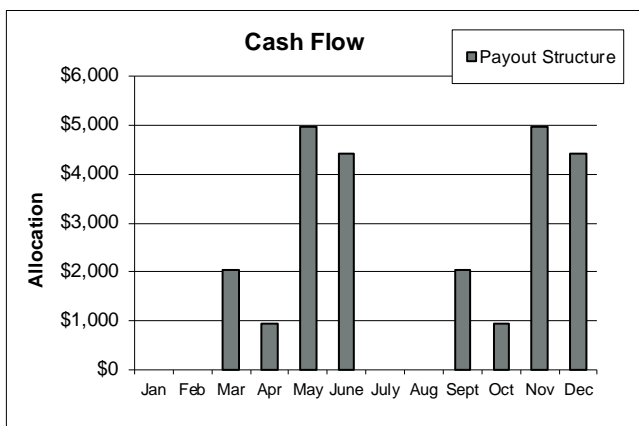
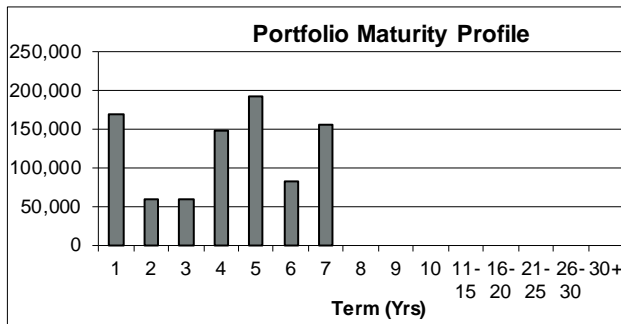
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Technical Breakdown

	Index	Portfolio
Weighted Average Yield to Maturity	1.27%	1.47%
Weighted Average Term	10.95	3.87
Weighted Average Coupon	3.01	3.05
Weighted Average Duration	8.34	3.58
Annual Coupon Payments		\$ 24,819
Portfolio Cost		\$ 867,172



Portfolio Statement

Issuer	Coupon	Maturity	Rating	Par Value	Price	Yield	Term	Duration	Market Value	%
Cash Equivalent	0.25		AAA	32,000	100.00	0.25	0.03	0.03	\$ 32,000	3.7%
TD Bank	2.98	30-Sep-20	A-	75,000	100.00	2.94	0.00	0.00	\$ 76,112	8.8%
Province of Quebec	4.25	1-Dec-21	AA-	57,000	104.64	0.28	1.17	1.14	\$ 60,439	7.0%
Rogers Communications	4.00	6-Jun-22	BBB+	56,000	105.36	0.79	1.68	1.62	\$ 59,705	6.9%
Manitoba	2.55	2-Jun-23	A+	56,000	105.49	0.48	2.67	2.58	\$ 59,539	6.9%
TELUS Corp	3.35	1-Apr-24	BBB+	55,000	107.25	1.23	3.51	3.27	\$ 59,899	6.9%
ABIBB	2.60	15-May-24	A	82,000	106.71	0.72	3.63	3.45	\$ 88,296	10.2%
Wells Fargo	3.87	21-May-25	BBB+	59,000	108.50	1.95	4.64	4.22	\$ 64,829	7.5%
RBC	4.50	24-Nov-25	A-	123,000	101.97	4.07	5.16	4.50	\$ 127,348	14.7%
Quebec	2.50	1-Sep-26	AA-	75,000	109.90	0.79	5.93	5.53	\$ 82,570	9.5%
Canada	1.00	1-Jun-27	AAA	60,000	104.16	0.37	6.67	6.44	\$ 62,693	7.2%
BC	2.55	18-Jun-27	AAA	84,000	110.88	0.88	6.72	6.18	\$ 93,742	10.8%
Totals	3.05					1.47%	3.87	3.58	\$ 867,172	100%

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