

Connected Wealth Tactical ETF

13 August 2020

RICHARDSONGMP

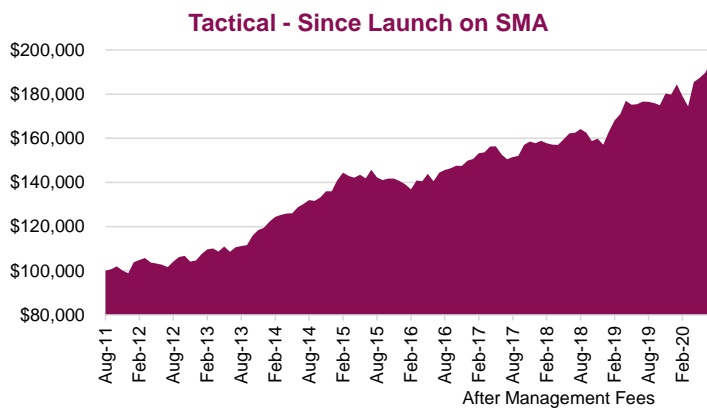
CONNECTED
WEALTH

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 GMP, manages ~\$600 million 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

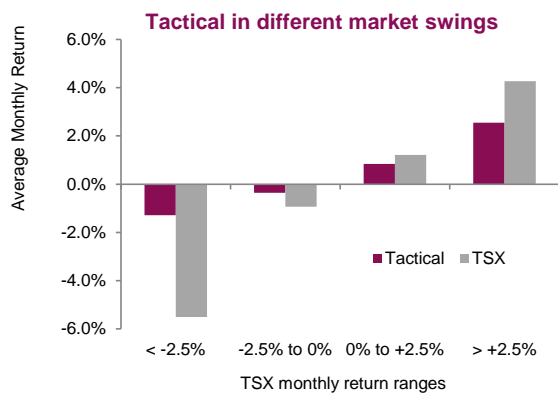
Available: Institutional account size only, strategy is also available in Fund & ETF

		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						
	Benchmark	2.2	-3.6	-9.4	8.2	2.0	1.8	3.2						

	<u>Tactical</u> <u>ETF</u>	<u>Benchmark</u>	<u>Relative</u>	<u>Statistic</u>	<u>Description</u>	<u>Tactical</u> <u>ETF</u>	<u>Benchmark</u>
1-month	2.4%	3.2%	-0.7%	Sharpe Ratio	Performance relative to risk (higher is better)	1.17	0.96
3-months	4.7%	7.1%	-2.4%	Max Drawdown	Largest decline from peak to trough (less is better)	-5.3%	-12.6%
6-months	5.4%	1.3%	4.1%	Up Market Capture	% of upside market participation (higher is better)	91%	100%
1-year	10.2%	7.5%	2.7%	Down Market Capture	% of downside market participation (lower is better)	72%	100%
YTD	8.2%	3.6%	4.6%	Standard Deviation	Volatility (lower is better)	6.0%	6.9%
3-year	9.1%	7.9%	1.2%	Downside Deviation	Volatility of down months (lower is better)	2.9%	6.4%
5-year	6.2%	6.4%	-0.2%	Beta	Volatility relative to the benchmark	0.69	1.00
Inception	8.0%	7.6%	0.3%				

Composition

Risk vs Return



Holdings

<u>Model Driven Positions</u>	<u>Focus</u>	<u>Weight</u>	<u>Shares</u>	<u>Price</u>	<u>Market Value</u>
ISHARES CORE S&P/TSX CAPPED	Cdn Equity	55.0%	35,226	\$26.34	\$927,853
HORIZONS S&P/TSX 60 INDEX ET	Cdn Equity	0.0%	0	\$37.62	\$0
VANGUARD CANADIAN ST BD ETF	Cdn Bond	0.0%	0	\$24.51	\$0
ISHARES CORE S&P 500 INDEX E	US Equity	0.0%	0	\$36.56	\$0
VANGUARD TOTAL STOCK MKT ETF	US Equity	20.9%	1,561	\$171.16	\$353,053
VANGUARD SHORT-TERM BOND ETF	US Bond	3.9%	596	\$83.07	\$65,418
INVESCO QQQ TRUST SERIES 1	US Tech	11.5%	537	\$273.58	\$194,130
VANGUARD SHORT-TERM BOND ETF	US Bond	0.0%	0	\$83.07	\$0
Discretionary					
VANGUARD S&P 500 ETF	US Equity	0.0%	0	\$309.97	\$0
ISHARES MSCI GLOBAL GOLD MIN	GOLD	0.0%	0	\$33.23	\$0
VANGUARD CANADIAN ST BD ETF	Cdn Bond	5.9%	4,059	\$24.51	\$99,486

Source: Richardson GMP

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