

Connected Wealth Fixed Income

June 30, 2019

RICHARDSONGMP

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WEALTH

The second quarter wound up being a great one for bonds as yields worldwide continued lower, even sending a significant portion of the world's debt into negative yielding territory. We remain "lucky" in North America in high yielding currencies of the US and Canadian dollars that allow our mandate to continue to have a positive yield. Risk assets also performed very well in the quarter, allowing our overweight allocation to corporate bonds to add value as well.

The Fixed Income mandate has taken a more conservative approach as our outlook for the economy has remained more constructive than current market expectations. Indeed, the extent of the bond rally has surprised us, especially overseas where yields continue deeper and deeper into negative territory.

Looking forward, one of our concerns is the shape of the yield curve, which is now essentially flat. This presents challenges for bond investors, as the premium for selecting term has eroded. At the moment, we have opted to temporarily keep a shorter duration given the big trailing returns for long bonds.

While we understand the global yield complex dragging yields lower in North America, we are still surprised by the extent of the rate-cut expectations, given our view of the economic outlook. With many rate cut expectations priced into the market, we feel the expectations for lower overnight rates have become over-extended.

Performance

	Fixed Income	FTSE TMX	Relative
1 month	0.58%	0.91%	-0.33%
3 month	1.54%	2.51%	-0.97%
6 month	4.40%	6.52%	-2.12%
1 year	5.71%	7.36%	-1.64%
YTD	4.40%	6.52%	-2.12%
3 year	2.50%	2.66%	-0.15%
5 year	3.03%	3.87%	-0.85%

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

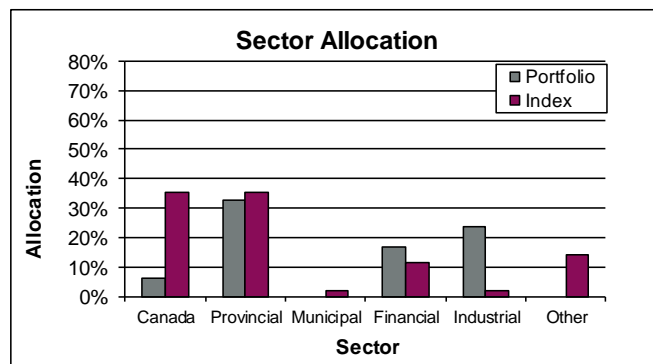
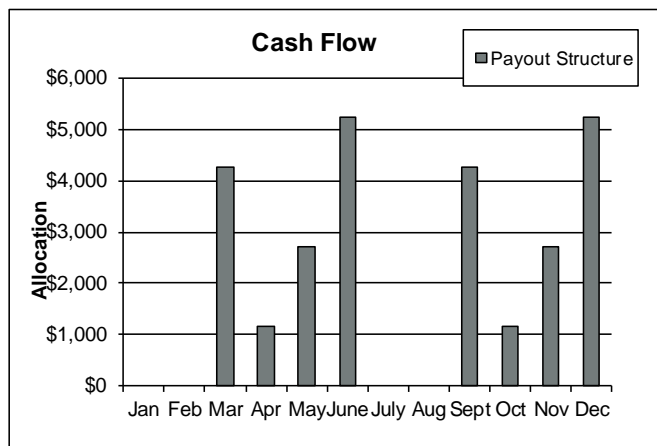
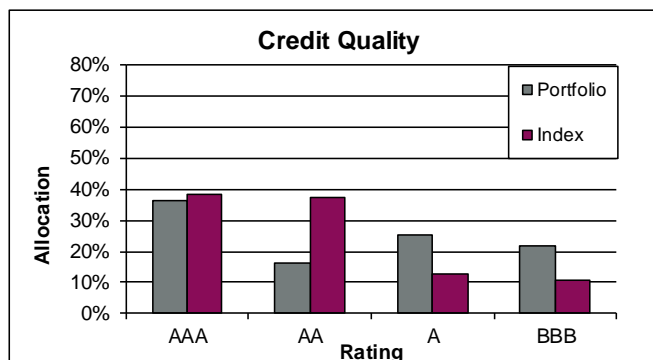
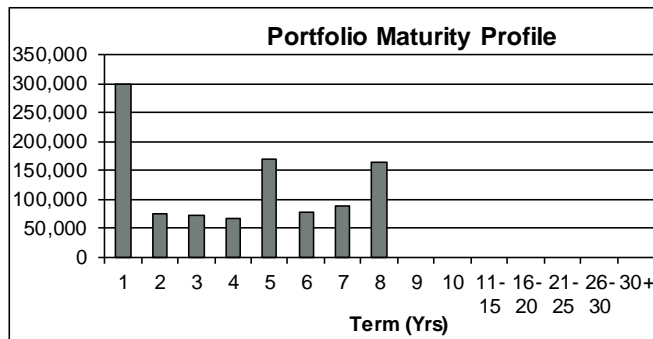
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Technical Breakdown

	<u>Index</u>	<u>Portfolio</u>
Weighted Average Yield to Maturity	2.33%	2.18%
Weighted Average Term	7.31	3.99
Weighted Average Coupon	3.18	2.71
Weighted Average Duration	7.74	3.67
 Annual Coupon Payments	 \$ 26,755	
Portfolio Cost	\$ 1,011,942	



Portfolio Statement

Issuer	Coupon	Maturity	Rating	Par Value	Price	Yield	Term	Duration	Market Value	%
Cash	1.75		AAA	205,000	100.00	1.74	0.18	0.18	\$ 205,000	20.3%
TD Bank	2.98	30-Sep-20	A-	92,000	100.93	2.22	1.25	1.22	\$ 93,538	9.2%
Province of Quebec	4.25	1-Dec-21	AA-	69,000	106.25	1.61	2.42	2.30	\$ 73,545	7.3%
Rogers Communications	4.00	6-Jun-22	BBB+	68,000	104.89	2.27	2.94	2.76	\$ 71,504	7.1%
Manitoba	2.55	2-Jun-23	A+	65,000	102.32	1.93	3.93	3.72	\$ 66,635	6.6%
TELUS Corp	3.35	1-Apr-24	BBB+	70,000	103.17	2.64	4.76	4.35	\$ 72,796	7.2%
ABIBB	2.60	15-May-24	A	98,000	99.40	2.73	4.88	4.53	\$ 97,731	9.7%
Wells Fargo	3.87	21-May-25	BBB+	74,000	103.93	3.14	5.90	5.23	\$ 77,220	7.6%
Quebec	2.50	1-Sep-26	AA-	87,000	101.85	2.22	7.18	6.49	\$ 89,325	8.8%
Canada	1.00	1-Jun-27	AAA	68,000	94.89	1.69	7.93	7.56	\$ 64,579	6.4%
BC	2.55	18-Jun-27	AAA	98,000	102.03	2.27	7.97	7.18	\$ 100,071	9.9%
Totals	2.71					2.18%	3.99	3.67	\$1,011,942	100%

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