

RIDGEWOOD CANADIAN INVESTMENT GRADE BOND FUND

Price: \$15.81¹

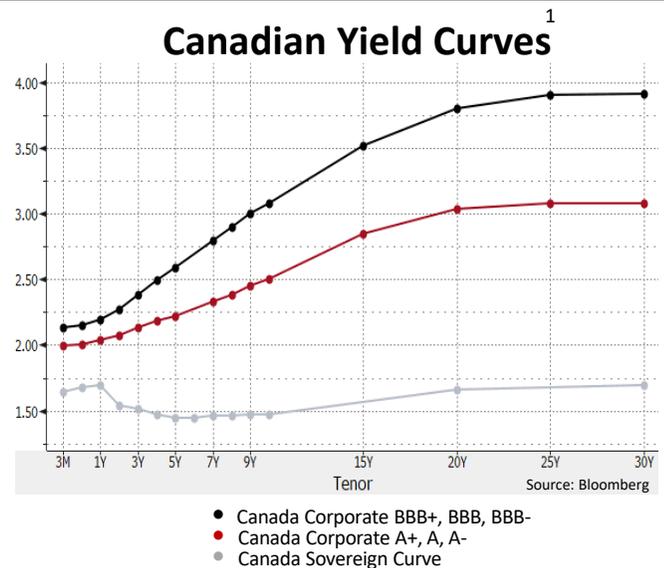
TSX: RIB.UN

Yield: 4.0%¹

Bond Market Outlook

- All eyes were on the Fed last month, who cut by 25 bps and halted QT two months early. In light of weak global growth, trade tensions and muted inflation this was an insurance cut, not a start to series of cuts. Less dovish than anticipated, Powell did leave door open for future cuts. The Bank of Canada left rates unchanged at 1.75% earlier in the month.
- Trade talks concluded between the US and China with no real progress reported. The talks were “constructive” and China confirmed its commitment to boost purchase of agricultural products. Talks are set to continue with a September meeting in Washington.
- Canadian GDP for May came in at 0.2%, ahead of expectations of 0.1%, bringing year over year to 1.4%. CPI was bang on tracking at 2.0%, down from 2.4% last month. Retail sales however showed weakness, down 0.1% versus +0.3% expected, as consumers cut back on groceries, alcohol and clothing. Something to watch due to heavy reliance on the Canadian consumer for growth.

Canadian Yield Curves



- U.S. Q2 GDP was ahead of expectation at 2.1% versus 1.8%, though down from a solid 3.1% in the Q1. Strength in employment data continues and both Conference Board Consumer Confidence and Philadelphia Fed Business Outlook rose way ahead of expectations. The Fed is still however struggling to get the inflation to their 2.0% target with CPI for June was 1.6%, versus 1.8% in May.

Bloomberg Barclays Global Agg Negative Yielding Debt Market Value USD



- Overall, the economic data in Canada & US remains quite strong, especially in comparison to the global backdrop. Reflecting this, rates in Canada and US even as low as they are, look attractive relative to the negative rates overseas. With the ECB poised to lower rates in September and the potential for more or new form of quantitative easing, these negative rates will be here for a while.

¹ as at July 31, 2019

Portfolio Update

- Corporate BBB bonds returned +0.6% vs. -0.1% for Canada bonds in July
- Added to long holdings, trimmed short and mid positions
- Portfolio fully invested
- Proposed unitholder vote to seek indefinite extension of term of Fund, from current 5 year, to be held on September 24, 2019

NAV Performance (net of fees) ¹

	RIB.UN	FTSE Universe	Value Added
One Month	1.1%	0.2%	0.9%
Year to Date	12.4%	6.7%	5.7%

RIB.UN Re-openings

- June 2019 deal for \$5.6mm at \$15.50
- February 2019 deal for \$7.3mm at \$14.75

Fund Facts

- A unique opportunity for retail investors to access the **investment grade bond** market
- Focus on **Canadian issuers**, with up to 25% in non-Canadian investment grade bonds
- **Actively managed** with prudent use of leverage, up to 35% of the total assets of the fund may be borrowed
- **Attractive monthly distribution** yielding 4.0%¹
- **Experienced portfolio manager** with over 20 years of fixed income experience, Mark J. Carpani, CFA has been responsible for managing the fund since its inception in 2009

Ridgewood Capital Asset Management

- Ridgewood was founded in 2008 and manages \$1.2 billion for high net worth individuals and institutional clients
- A top quartile fixed income manager specializing in corporate bonds; fixed income assets represent 78% of total AUM
- The inception date of the Ridgewood Canadian Investment Grade Bond Fund (RIB.UN) was December 18, 2009

For further information visit www.ridgewoodcapital.ca or contact John H. Simpson (416) 479-2751