

RIDGEWOOD CANADIAN INVESTMENT GRADE BOND FUND

Price: \$16.60¹

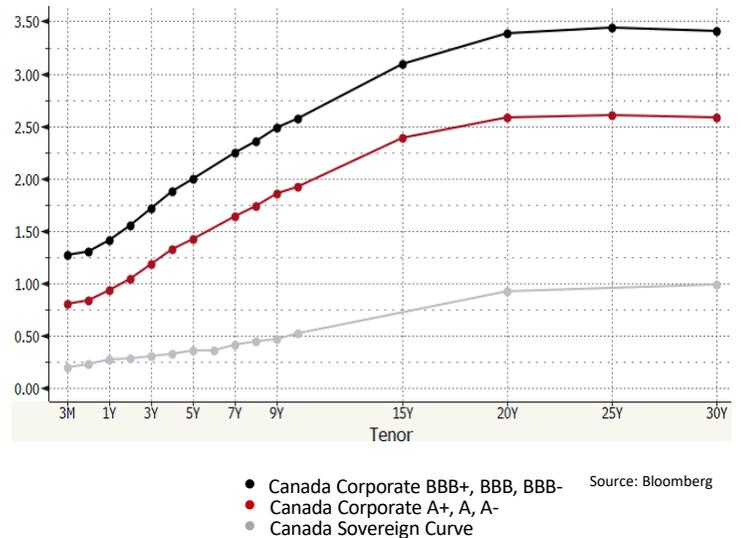
TSX: RIB.UN

Yield: 3.83%¹

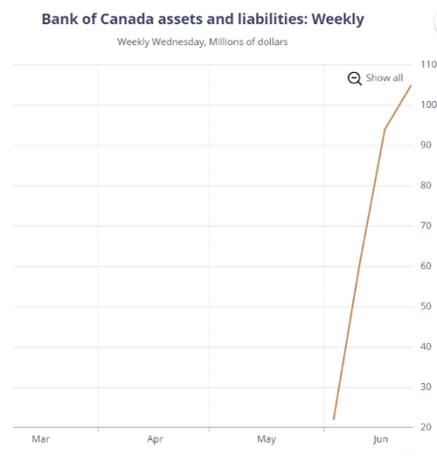
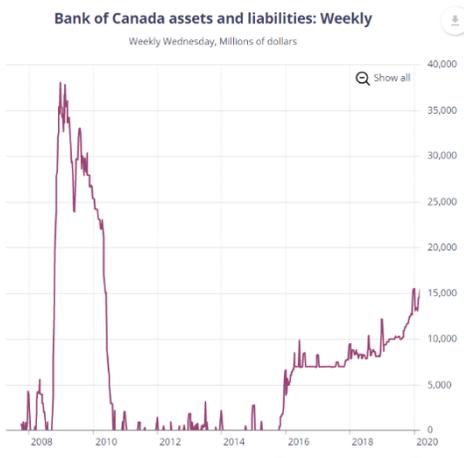
Bond Market Outlook

- Markets remain focused on the recovery as we put the first half of 2020 finally behind us. Re-openings have provided a boost to confidence, though spikes in Covid cases followed suit in the U.S.
- Governor Macklem’s first Bank of Canada meeting was as expected. He signaled the impact from the virus had peaked but economic uncertainty is high, suggesting a prolonged, bumpy recovery with some setbacks. The Bank of Canada is of the view that supply would recover more rapidly than demand, pressuring inflation lower.
- Bank of Canada’s balance sheet has grown steadily but is no where near the 2008 levels as fiscal policy was also initiated in this downturn. The Bank of Canada started using a new tool to support the corporate bond market via direct open market purchases.

Canadian Yield Curves¹



- As markets remained strong in June, corporations had an opportunity to raise capital. Given the low rate environment, along with narrowing credit spreads, funding costs are extremely low. YTD corporate supply in Canada sits at \$81 billion, up almost 40% year over year. Supply was easily digested as the reach for yield continues.



— Securities purchased under resale agreements

— Corporate bonds

Source: Bank of Canada

¹ as at June 30, 2020

Portfolio Update

- ▶ Corporate BBB bonds returned 3.0% vs 0.5% for Canada bonds in the month of June
- ▶ Purchased mids, sold short and long bonds. Focus on bullet strategy and maintaining fully invested position.

NAV Performance (net of fees) ¹

	RIB.UN	FTSE Universe	Value Added
One Month	3.8%	1.7%	2.1%
Year to Date	3.7%	7.5%	-3.8%
2019	14.3%	6.9%	7.4%
10 yr to Dec 2019	9.9%	4.2%	5.7%

RIB.UN Re-openings

- ▶ March 2020 deal for \$11.9mm at \$15.65
- ▶ 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 3.83%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 79% 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, CFA (416) 479-2751