

RIDGEWOOD CANADIAN INVESTMENT GRADE BOND FUND

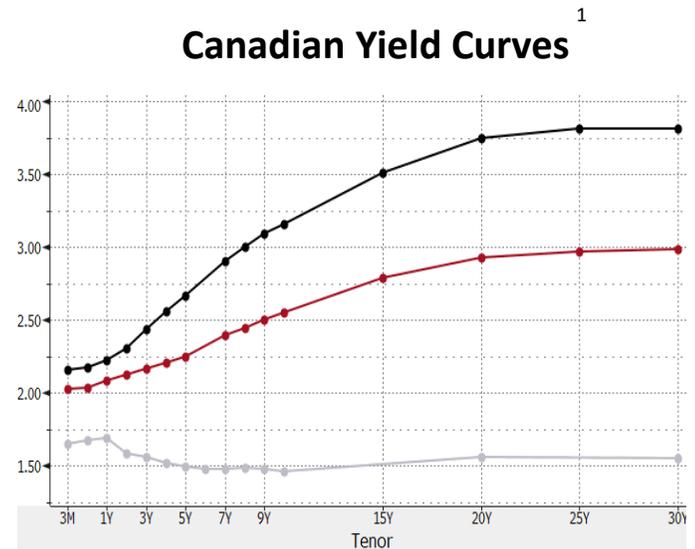
Price: \$16.85¹

TSX: RIB.UN

Yield: 3.80%¹

Bond Market Outlook

- A strong month for bonds as the curve bull flattened. Long bonds rallied approximately 5 bps, while short and mid bonds rose 2-3 bps.
- Canada's economy continues to grow, albeit slower. Third quarter Canadian GDP of +1.3% met expectations of both the Bank of Canada (BoC) and the street, down from an unsustainable 3.5% last quarter. Domestic demand showed strength, up 3.2%, offset by a 1.5% drop in exports and a draw down of inventories rather than increased production. With CPI holding in at 1.9%, we see no reason for the Bank of Canada to make a cut at the next meeting December 4th.
- BoC Governor Poloz was quoted in an interview with *Central Banking* as saying "we are fortunate here in Canada [that] during the past four years we have been getting about 100 basis points worth of fiscal policy stimulus." The support has allowed the BoC to avoid sub 1% rates and the increasing financial vulnerabilities that come with having rates at such a low level.
- Bond volatility, as measured by the MOVE index, is decreasing along side equity market volatility (VIX). A sign of complacency which can foreshadow equity market weakness



Source: Bloomberg

- Canada Corporate BBB+, BBB, BBB-
- Canada Corporate A+, A, A-
- Canada Sovereign Curve

- The US-China trade deal remains an enigma. Touted by Trump in October as being near a "substantial phase one deal" and this past month being "in the final throes", we have yet to see progress and markets are taking a wait and see approach. Muddying the waters is Trump's recent signing of a bill supporting Hong Kong's anti-Beijing protesters and the upcoming batch of new tariffs to take effect December 15th. "If we don't make a deal, we're going to substantially raise those tariffs, they're going to be raised very substantially," Mr. Trump said in a speech to the Economic Club of New York in November. With October's tariffs previously put on hold, his reaction to the December tariffs will be something to watch for.

- Looking ahead to 2020, we anticipate global monetary policy to remain accommodative.

Market Volatility



¹ as at November 30, 2019

Portfolio Update

- Corporate BBB bonds returned 0.65% vs 0.05% for Canada bonds for the month of November
- Reduced long telco weight and reinvested in short term REITS
- Portfolio fully invested

NAV Performance (net of fees) ¹

	RIB.UN	FTSE Universe	Value Added
One Month	0.6%	0.5%	0.1%
Year to Date	14.5%	8.2%	6.3%

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 3.80%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 \$1.25 billion for high net worth individuals and institutional clients
- A top quartile fixed income manager specializing in corporate bonds; fixed income assets represent 76% 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