

RIDGEWOOD CANADIAN INVESTMENT GRADE BOND FUND

Price: \$17.00¹

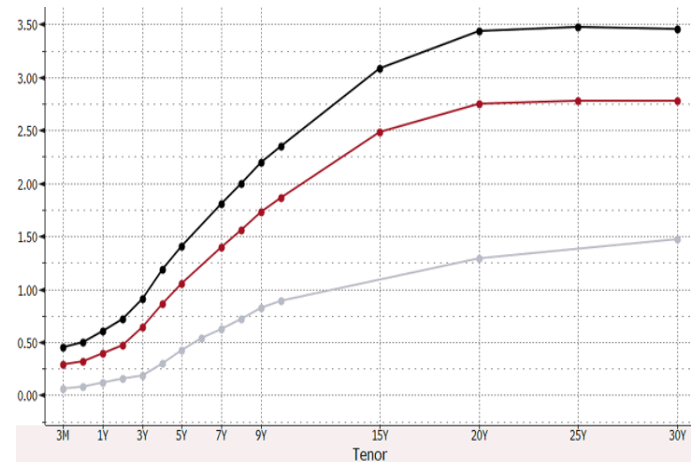
TSX: RIB.UN

Yield: 3.74%¹

Bond Market Outlook

- The recovery trade that took hold late 2020 began to fade as confidence took a step back. New Covid-19 variants, vaccine supply issues and timing of additional fiscal support are now seen to hinder the recovery timeline. The good news is that new Covid-19 cases globally are decreasing, a sign that would lead to further easing of restrictions.
- As expected, the Bank of Canada kept rates unchanged and sees it unlikely that inflation will return to their 2% target until 2023. It described the outlook for Canada as “stronger and more secure” noting that the vaccine rollout and additional US fiscal stimulus could provide powerful tailwinds in the second quarter. The optimism also led them to tweak their QE stance to suggest the next move will be a taper.

Canadian Yield Curves ¹

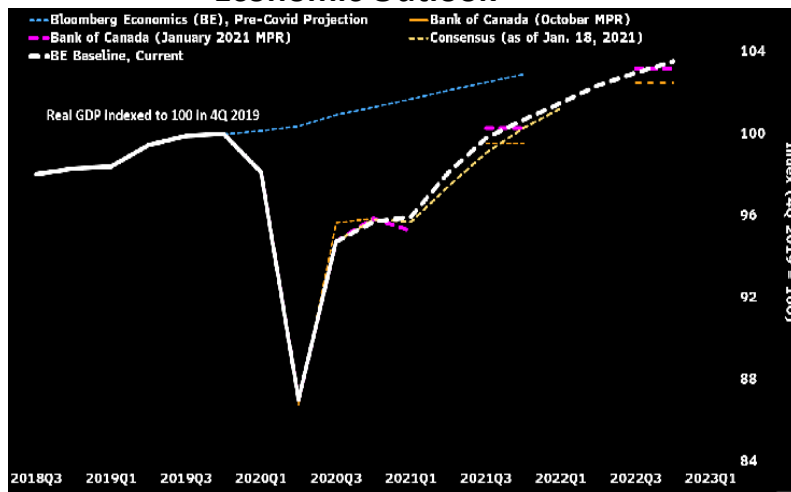


Source: Bloomberg

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

- The US Fed also kept rates unchanged as expected. The market is anticipating additional fiscal measures with President Biden now in power. The second impeachment proceedings though will take Senators focus away from being solely on the touted \$1.9 trillion stimulus package.

Economic Outlook



Source: Bloomberg

- Corporate bond issuance for January was \$9.4 billion, down 16% year over year. We expect the trend of less supply to the Canadian bond market to continue in 2021.

¹ as at January 31, 2021

Portfolio Update

- Corporate BBB bonds returned -0.5% vs -0.9% for Canada bonds in the month of January.

NAV Performance (net of fees)¹

- Purchased mid and long term bonds to extend duration

	RIB.UN	FTSE Universe	Value Added
One Month	0.8%	-1.1%	1.9%
Year to Date	0.8%	-1.1%	1.9%
2020	12.0%	8.7%	3.3%
10 yr to Dec 2020	8.8%	4.5%	4.3%

RIB.UN Re-openings

- December 2020 deal for \$11.7mm at \$16.32
- August 2020 deal for \$8.2mm at \$16.00
- 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 3.74%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 \$1.3 billion for high net worth individuals and institutional clients
- A top quartile fixed income manager specializing in corporate bonds; fixed income assets represent 75% 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