

RIDGEWOOD CANADIAN INVESTMENT GRADE BOND FUND

Price: \$16.50¹

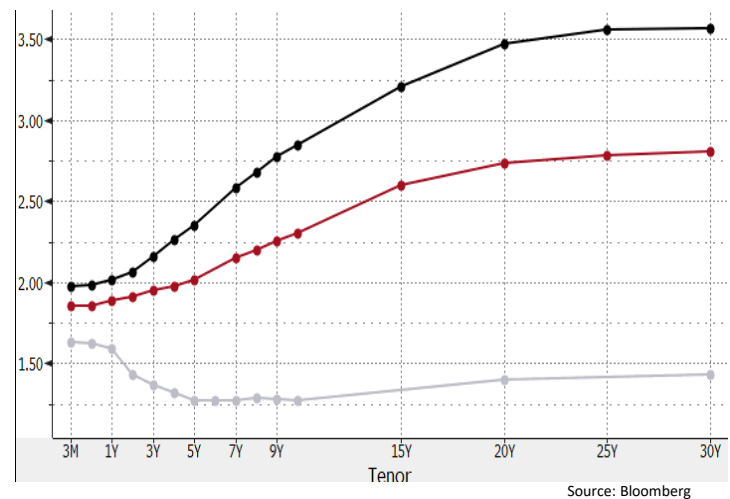
TSX: RIB.UN

Yield: 3.85%¹

Bond Market Outlook

- Bonds began the year on a strong note, with the FTSE Canada Universe Bond Index up 2.9% year to date, outpacing the S&P/TSX Composite and S&P 500 indices with total returns in C\$ of 1.7% and 1.9% respectively.
- The coronavirus outbreak in China took center stage in January as fears of a global spread tore through the markets. A rally in yields from the flight to safety ensued, which more than offset spread widening from the risk off tone. The negative effects of the coronavirus come at a time of already fragile global growth, further solidifying a central bank easing bias. Why is China so important? It is the world's largest exporter of intermediate manufactured products used in supply chains across the world and contributes 17% of global GDP.
- The Bank of Canada (BoC) left overnight rates unchanged at 1.75%. GDP growth was revised lower for Q4/19, Q1 and 2020 to 0.3% q/q, 1.3% q/q and 1.6% y/y respectively and revised 2021 growth up to 2.0% y/y. Special factors highlighted by the BoC that weighed on growth included: strikes, adverse weather, production shutdowns and inventory adjustments. Should the recent weaker data be a sign that global conditions are impacting Canada more than anticipated, a rate cut this year is not off the table, perhaps as early as the first half of 2020.

Canadian Yield Curves ¹



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

- The market is pricing in more than one cut by central banks in 2020 for both Canada and the U.S. Europe and Asia Pacific regions are also expecting cuts.
- Government bond yields dropped materially in January, making corporate bonds relatively attractive. The demand for fixed income continues to outpace supply as new issues coming to market are readily sold with significant cutbacks to orders.

Portfolio Update

- Corporate BBB bonds returned 2.9% vs 2.4% for Canada bonds for the month of January
- Focus on barbell strategy and maintaining fully invested position.

NAV Performance (net of fees) ¹

	RIB.UN	FTSE Universe	Value Added
One Month	4.7%	2.9%	1.8%
Year to Date	4.7%	2.9%	1.8%

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 3.85%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