

**RIDGEWOOD CANADIAN INVESTMENT GRADE BOND FUND**

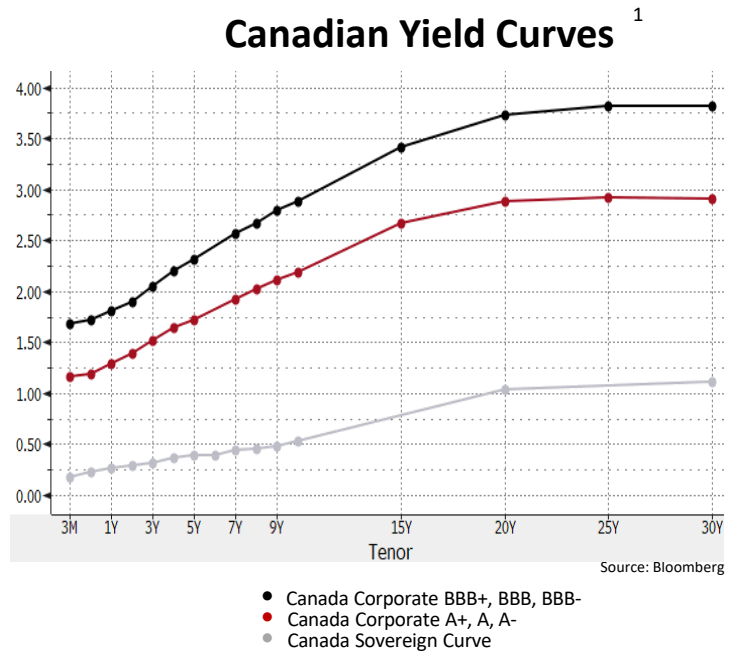
Price: \$16.45<sup>1</sup>

TSX: RIB.UN

Yield: 3.87%<sup>1</sup>

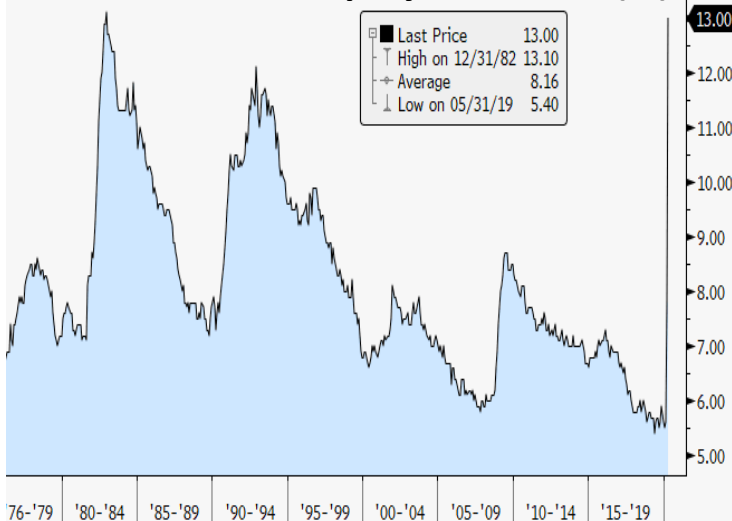
**Bond Market Outlook**

- The markets attention has turned to recovery as the world moves into various stages of reopening. What’s unclear is what *kind* of recovery we will experience. Ultimately this depends on how fast business and consumer confidence rebounds to create more demand.
- Canada reported an 8.2% decline in Q1 GDP, with March alone reporting a loss of 7.2% as the shutdown had just begun. April unemployment rate rose to 13.0% from 7.8% albeit this was better than expectations of 18.1%. This is just shy of the 13.1% record high made in 1982. Even with the monetary and fiscal policy support being flooded into the system, inflation has not risen and is now running at -0.2% year over year.



- The Bank of Canada (BoC) began its unprecedented corporate bond buying program to support the corporate debt markets liquidity and ability to function. The BoC has purchased \$21.5M in securities so far, with a goal of \$10B over the next year. This has led to spreads in corporate bonds tightening.
- May was the busiest month on record with C\$ corporate issues totalling \$18B, following the previous record of \$17.5B made the previous month. This has been met with strong demand as money on the sidelines is put to work. With Government of Canada bonds yielding 0.25% -1.0%, corporate bonds remain attractive on a relative and absolute basis.

**Canadian Unemployment Rate (%)**



<sup>1</sup> as at May 31, 2020

## Portfolio Update

- ▶ Corporate BBB bonds returned 1.0% vs 0.2% for Canada bonds for the month of May
- ▶ Focus on bullet strategy and maintaining fully invested position.

### NAV Performance (net of fees)<sup>1</sup>

	RIB.UN	FTSE Universe	Value Added
One Month	0.9%	0.3%	0.6%
Year to Date	-0.1%	5.7%	-5.8%
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 3.87%<sup>1</sup>
- ▶ **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](http://www.ridgewoodcapital.ca) or contact John H. Simpson (416) 479-2751