

RIDGEWOOD CANADIAN INVESTMENT GRADE BOND FUND

Price: \$16.51¹

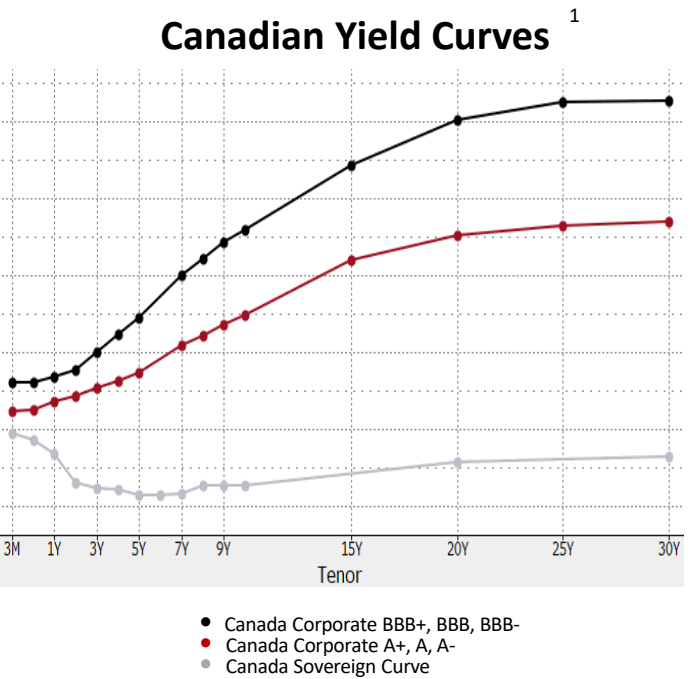
TSX: RIB.UN

Yield: 3.85%¹

Bond Market Outlook

➤ Virus concerns have whipsawed the markets since late January as investors struggle to gauge the magnitude of the coronavirus' impact. To begin the month, investors wondered whether it would be a temporary blip (with a V shape recovery) or if the worst was still yet to come. It seems to be the latter as the virus spreads globally with the potential to reach a pandemic. Multiple companies have already issued negative earnings guidance or suspended it altogether. The optimism of global growth prospects are showing signs of fading as workplaces and cities are shut down. The question now is how long will the global contraction last?

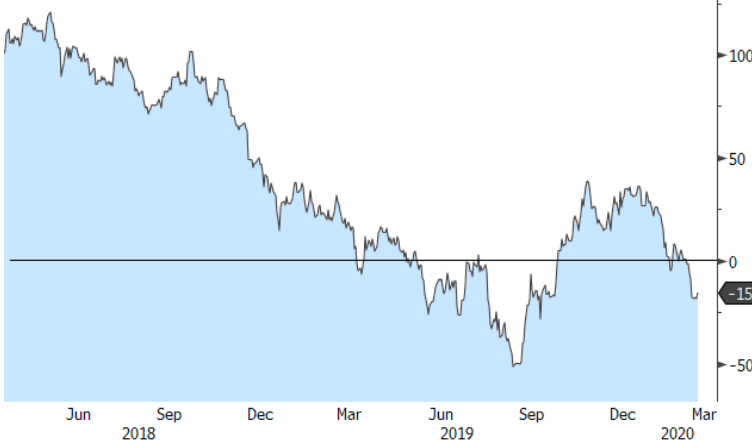
➤ The inversion of the curve is seen as an indicator that a recession is on the horizon. It is however not 100% accurate as we saw last summer. What caused the reversal? The US Federal Reserve cut rates three meetings in a row (July, September and October.).



➤ Rate expectations for both Canada and U.S. are running in tandem. In both markets, 2-3 cuts by central banks for 2020 are priced in, versus just one a month ago. The US Fed cut rates 50 bps on March 3rd. The Bank of Canada is expected to follow with at least a 25 bps cut at their meeting on March 4th.

➤ Government bonds continue their drop to record lows as the rush to safe havens takes place. The flight to safety brings with that strong inflows to bonds. This should limit the widening of credit spreads as cash is put to work.

U.S. 10 Year - 3 month Spread



¹ as at February 29, 2020

Portfolio Update

- Corporate BBB bonds returned 0.4% vs 0.7% for Canada bonds for the month of February
- Focus on barbell strategy and maintaining fully invested position.

NAV Performance (net of fees) ¹

	RIB.UN	FTSE Universe	Value Added
One Month	0.8%	0.7%	0.1%
Year to Date	5.6%	3.6%	2.0%

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