

RIDGEWOOD CANADIAN INVESTMENT GRADE BOND FUND

Price: \$16.96<sup>1</sup>

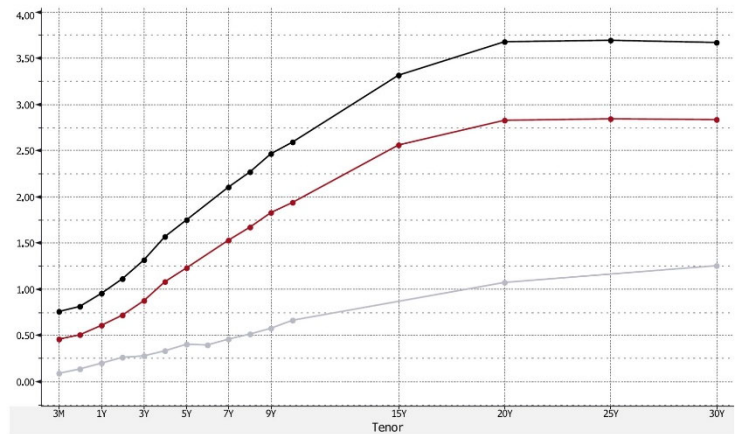
TSX: RIB.UN

Yield: 3.84%<sup>1</sup>

Bond Market Outlook

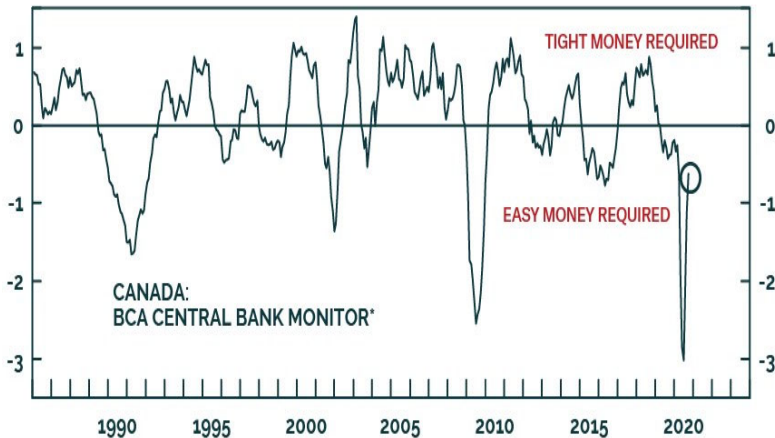
- Pre election volatility is high and markets are beginning to price in potential changes at the White House and what that may mean for risk assets.
- The Bank of Canada kept interest rates unchanged at their October 28th meeting although they did announce a material policy change regarding bond purchases.

Canadian Yield Curves <sup>1</sup>

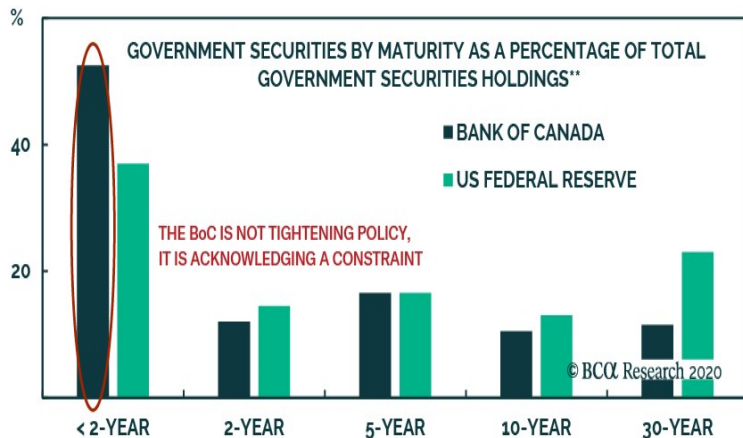


- Canada Corporate BBB+, BBB, BBB-
- Canada Corporate A+, A, A-
- Canada Sovereign Curve

Source: Bloomberg



- Going forward, the Bank stated they will focus their buybacks on longer term maturities in order to keep borrowing costs down.
- The statement is basically the definition of yield curve control and will keep Government bond yields low for an extended period.
- Corporate bonds will become more attractive given the higher yield relative to Canada or Provincial bonds.
- We believe the economic strain produced by Covid-19 will be felt for several more quarters, if not years. Elevated unemployment and muted GDP growth are likely to persist in the global economy.



\* BCA PROPRIETARY INDICATOR CONSISTING OF ECONOMIC AND FINANCIAL VARIABLES. READINGS BELOW ZERO INDICATE EASIER MONETARY POLICY IS REQUIRED, AND READINGS ABOVE ZERO INDICATE TIGHTER POLICY IS NEEDED.

\*\* SOURCE: BANK OF CANADA, US FEDERAL RESERVE, BLOOMBERG FINANCE L.P.

### Portfolio Update

- Corporate BBB bonds returned -0.8% vs -0.8% for Canada bonds in the month of October

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

- Purchases focused on the 3 - 5 year area of the curve

	RIB.UN	FTSE Universe	Value Added
One Month	-0.3%	-0.8%	0.5%
Year to Date	6.8%	7.2%	-0.4%
2019	14.3%	6.9%	7.4%
10 yr to Dec 2019	9.9%	4.2%	5.7%

### RIB.UN Re-openings

- 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 3.84%<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 \$1.3 billion for high net worth individuals and institutional clients
- A top quartile fixed income manager specializing in corporate bonds; fixed income assets represent 77% 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, CFA (416) 479-2751