

## RIDGEWOOD CANADIAN INVESTMENT GRADE BOND FUND

Price: \$16.56<sup>1</sup>

TSX: RIB.UN

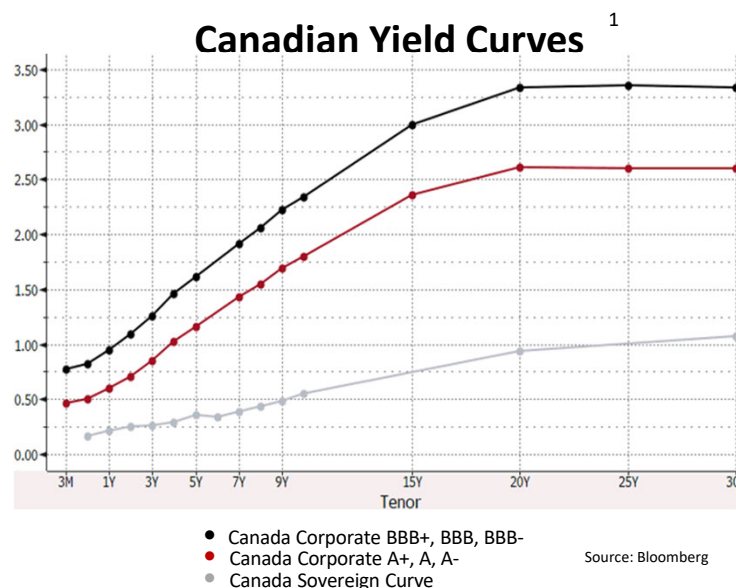
Yield: 3.84%<sup>1</sup>

### Bond Market Outlook

➤ As we move into the fall season and final quarter of 2020, the markets attention will be on the economic recovery and US Presidential election. Positive cases of Covid are on the upside once again, bringing along with it fears of the beginning of wave two. Volatility in the market is here to stay for a while.

➤ During the Throne speech, Prime Minister Trudeau vowed to support "people and businesses through this crisis as long as it lasts, whatever it takes". A few notable proposals include:

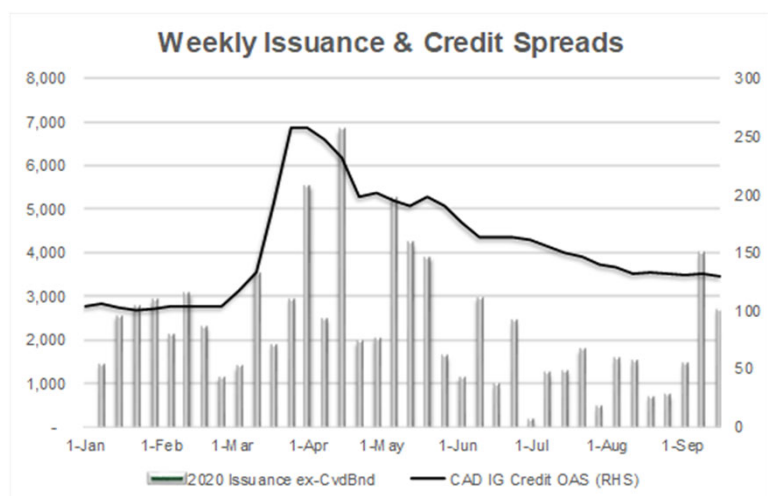
- assistance to employment and growth via benefits and wage subsidies were extended
- a campaign to create more than one million jobs, bringing employment back to pre-pandemic levels
- an increase to investment in infrastructure.



➤ The Bank of Canada acknowledged the economy will continue to require extraordinary monetary policy support. They have expressed their intention to hold the policy interest rate at the effective lower level until economic slack is absorbed so that the 2% inflation target is sustainably achieved.

➤ A surge in corporate supply took place in September which was easily absorbed by the market. There was over \$26B of Inflows into investment grade funds in September. Credit spreads have recovered to slightly above pre-pandemic levels.

➤ Given all the uncertainty, fixed income remains an attractive asset class, with corporate bonds providing greater yield to a portfolio in this low rate environment.



<sup>1</sup> as at September 30, 2020

## Portfolio Update

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

- ▶ Corporate BBB bonds returned -0.2% vs +0.3% for Canada bonds in the month of September
- ▶ Purchases focused on the 3-5 year area of the curve

	RIB.UN	FTSE Universe	Value Added
One Month	0.3%	0.3%	0.0%
Year to Date	7.1%	8.0%	-0.9%
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