

**RIDGEWOOD CANADIAN INVESTMENT GRADE BOND FUND**

Price: \$16.15<sup>1</sup>

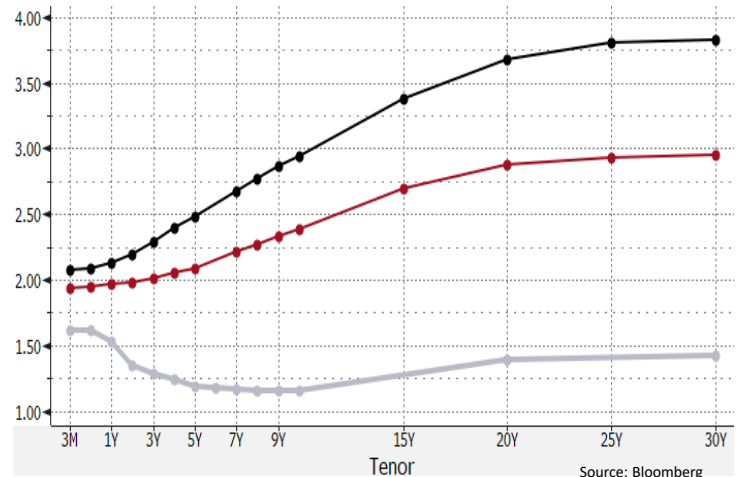
TSX: RIB.UN

Yield: 3.9%<sup>1</sup>

**Bond Market Outlook**

- Volatility was the name of the game for August. Risk on, risk off, the market had a hard time knowing what was to come next.
- The US yield curve inverted sparking recession fears as the US 10 yr yield plummeted and continues trading below the 2 yr yield. At month end the US treasury 10 yr yielded 1.50%, 2 yr closed at 1.51% and the 30 yr hit a record low at 1.96%.
- Uncertainty can be found everywhere you look. US/China trade issues remain as new tariffs against China hit on Sept 1 with no new talks confirmed for September. Political instability continues to plague Italy as their PM resigned ahead of a non-confidence vote. Brexit is also at the forefront as new PM Johnson is determined to stick to the Oct 31 date, increasing the odds that no deal outcome is quite possible.

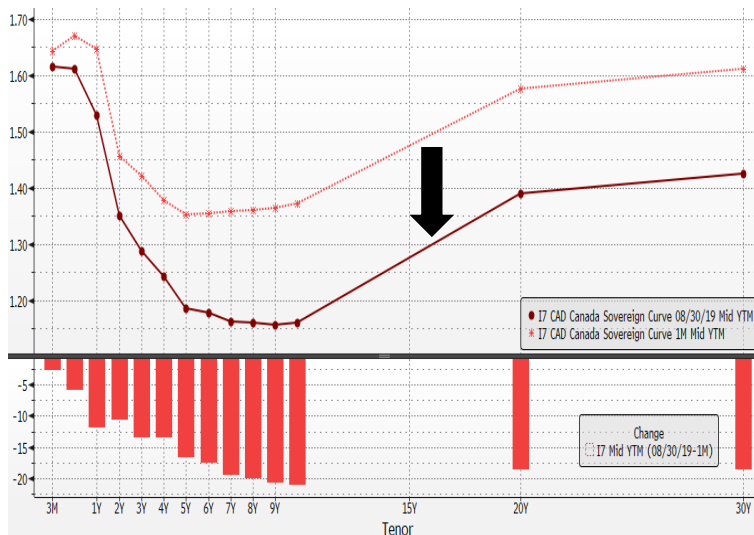
**Canadian Yield Curves**



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

- The IMF once again reduced 2019 GDP global growth estimates by 0.1%. Canadian and US consumers appear resilient so far, keeping the economies relatively strong in the face of a slowing global economy. Personal consumption, retail sales, unemployment and GDP all met or beat expectations. The manufacturing sector and global PMI's have been concerning.

**Canadian Yield Curve One Month Change**



Source: Bloomberg

- August was a strong month for fixed income, easily beating out equities. The FTSE Canada Universe bond gained 1.88% versus S&P/TSX total return of 0.43%. The significant drop in rates led to long bonds being the largest contributor, returning 3.41%. Year to date, all long bond sectors have returned in the double digits, ranging from 13.90% to 17.35%.
- As central banks respond with cuts, interest rates will continue to decline. Corporate bonds are a beneficiary as the anemic yields in government bonds force investors to seek income elsewhere.

<sup>1</sup> as at August 31, 2019

## Portfolio Update

- Corporate BBB bonds returned 1.2% vs. 1.8% for Canada bonds in August
- Added long provincial bonds as a hedge due to lower risk appetite and a play on rates
- Portfolio fully invested
- Proposed unitholder vote to seek indefinite extension of term of Fund, from current 5 year, to be held on September 24, 2019

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

	RIB.UN	FTSE Universe	Value Added
One Month	1.9%	1.9%	0.0%
Year to Date	14.7%	8.7%	6.0%

## 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 3.9%<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 78% 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