

## Preserve capital while earning income to meet short-term savings goals

### What's the strategy?

The Money Market (Portico) portfolio strategy invests in a range of Canadian money market securities, including federal and provincial treasury bills, commercial paper, bankers' acceptances and short-term bonds to provide short-term capital preservation and interest income.

### What's the approach?

The portfolio manager focuses on capital preservation through a selection of high-quality Canadian securities managed to have low interest rate risk, low credit risk and to be highly liquid. A consistent, measured and disciplined approach is used to capture incremental gains through a multi-factor approach to analyzing interest rates, credit markets and yield curves.

### Why invest in this portfolio strategy?

Ideal for investors with short-term savings goals and who are seeking interest income and capital preservation.

### Typical portfolio characteristics

Here's what you can expect to see from Portico's Money Market fixed income strategy when compared to its Canadian benchmark:

- Strong credit quality
- Attractive relative value
- Highly liquid with low volatility
- Conservatively managed portfolio of Canadian investment-grade money market securities
- Actively managed to pursue income-generating opportunities and manage risk

### Strategy snapshot

#### Asset class

Fixed Income

#### Inception date

1980

#### Assets in mandate

\$1,191.5 million

#### Benchmark

FTSE Canada 91 Day T-bill Index

#### Investment team

Portico Investment Management

#### Portfolio manager(s)

Dale Haynes  
Vice-President, Fixed Income

### About GLC

GLC Asset Management Group Ltd. (GLC) is a leading investment management firm that manages more than \$50 billion in assets.

GLC has 5 investment management divisions:

- GWL Investment Management
- London Capital Management
- Laketon Investment Management
- Portico Investment Management
- Portfolio Solutions Group

Each division has a distinct investment approach that offers deep expertise within specialized areas of portfolio management, bringing unique perspectives to navigating capital markets through varying cycles.

As at June 28, 2019

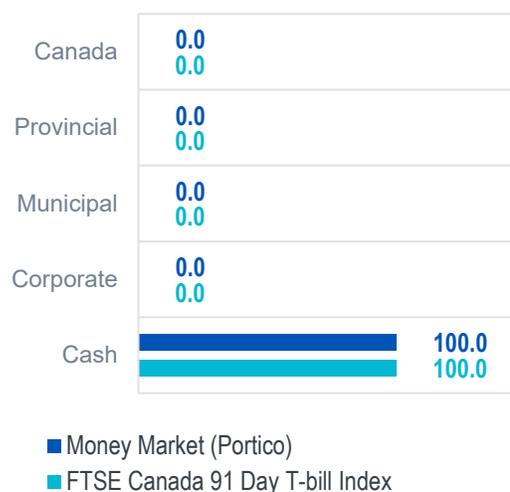
### Portfolio attributes

	Portfolio <sup>1</sup>	Index <sup>2</sup>
Average term (years)		
Modified duration (years)	0.24	0.26
Market yield (%)	1.75	1.58
Number of Bonds	0	0

### Credit quality %

	Portfolio <sup>1</sup>	Index <sup>2</sup>
AAA	0.0	100.0
AA	0.0	0.0
A	0.0	0.0
BBB	0.0	0.0
<BBB	0.0	0.0

### Sector Allocation %



Source: GLC, FTSE Global Debt Capital Markets | 1. Fund: LL – Money Market Fund (Portico) | 2. Index: FTSE Canada 91 Day T-bill Index

## Portfolio manager's quarterly commentary

As at June 28, 2019

### Market review

The FTSE Canada Universe Bond Index returned 2.5% (total return) for the second quarter of 2019, marking the third consecutive quarter of strong returns for Canadian fixed-income investors. North American bond yields moved lower, continuing a trend that began in October 2018. Canadian 10-year bond yields were down 15 basis points (bps) for the quarter, while U.S. 10-year bond yields fell 40 bps. The fall in bond yields coincided with a policy shift from various central banks, most notably the U.S. Federal Reserve, which abruptly shifted to a rate-cutting bias after hiking rates a quarter point last December. North American bond yields continue to be weighed down by negative interest rate policies on the part of central banks in Europe and Japan. The Bank of Canada left rates unchanged during the period and provided messaging that suggests rates are on hold for at least the rest of the year. The move in bond yields saw Canadian long-term bonds significantly outperform relative to short-term bonds. The FTSE Canada 91-day T-bill Index returned 0.41%.

### Portfolio performance

Posting a modest positive return, the fund outperformed the FTSE Canada 91-day T-bill index on a gross return basis this quarter. The fund's running yield decreased during the quarter as we were unable to replace maturing commercial paper holdings because the issuers were paying down and terming out product instead. Canada T-bills performed well as rates rallied during the quarter.

### Portfolio activity

We continued to invest in T-bills over the quarter and increased duration marginally as a rate-cut sentiment began to take hold in the market. The Bank of Canada passed twice on rate increases during the quarter. We kept the days-to-maturity around 93 days.

## Positioning & outlook

The fund's focus is on short-term capital preservation and interest income. It invests primarily in a range of Canadian money market securities, including Federal and Provincial treasury bills, Commercial Paper, Bankers' Acceptances and Short-Term Bonds. The fund manager continues to focus on high-quality issuers and maintains a high degree of liquidity in the fund.

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