

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

\$1,638.4 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 \$55 billion in assets.

GLC has 5 investment management divisions:

- GWL Investment Management
- London Capital Management
- Laketon Investment Management
- Portico Investment Management
- Global Multi-Asset Strategy team (including 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 30, 2020

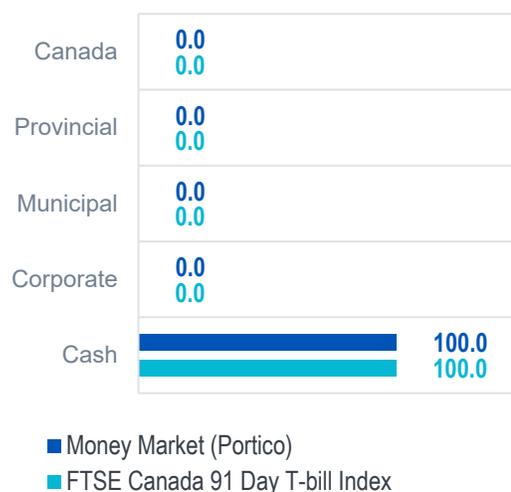
Portfolio attributes

	Portfolio ¹	Index ²
Average term (years)	0.00	0.00
Modified duration (years)	0.28	0.00
Market yield (%)	0.70	0.21
Number of Bonds	0	0

Credit quality %

	Portfolio ¹	Index ²
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 30, 2020

Market review

The FTSE Canada Universe Bond Index returned 5.9% (total return) in the second quarter, the third largest quarterly return since 2000. Sovereign bond yields continued their descent to new historic lows, anchored by global central banks keeping their policy rates near zero. Canadian bond yields fell in the quarter, particularly on the longer end of the curve, which resulted in longer-term bonds outperforming their shorter-term counterparts. Canadian corporates outperformed relative to government bonds, strengthened by narrowing credit spreads as economies slowly re-opened. High-yield bonds slightly lagged investment-grade bonds, while provincial bonds outperformed within the government sector.

Portfolio performance

During a period that began with the continuation of the global health crisis and global market volatility, the fund preserved capital, posted a positive return and outperformed the FTSE Canada 91-day T-bill index on a gross return basis for the quarter. The fund’s running yield was negatively impacted by being unable to invest large cashflows into higher-yielding product.

Portfolio activity

We continued to invest in T-bills over the quarter and increased duration (where permissible) when the opportunity presented itself throughout a continuing volatile market. The Bank of Canada did not cut interest rates further; instead, it provided liquidity to the market via increased T-bill auctions, and purchase programs, to counter the market turmoil caused by the COVID 19 outbreak. We kept the days-to-maturity for holdings in the 90- to 100-day range on average.

Positioning & outlook

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

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