

SHORT MID BONDS

Our Story

Morguard Lincluden strives to be the investment manager of choice for corporations and individuals who are seeking long term peace of mind for the management of their investment portfolios from a team that ensures that client needs are met first.

Morguard Lincluden Global Investments is a part of Morguard Corporation. Having acquired the remaining ownership of the firm in 2024, Morguard Lincluden is now fully backed by Morguard. The firm was originally established as Lincluden Investment Management Limited in 1982. Morguard Lincluden has a 43-year history of providing high conviction, disciplined value investing to clients across Canada.

Today we manage in excess of \$4 billion dollars for pension plans, sub-advisory, First Nation Trusts and not-for-profit organization. Our boutique size offers clients a focused and very customized approach that we believe will produce the strongest results for our clients and enhance the success of our firm.

Investment Process

Morguard Lincluden has consistently applied a value-based investment philosophy since its inception. Portfolio managers operate under the belief that financial markets are efficient in the long run but can be inefficient in the short and medium term providing an opportunity to identify mispriced securities. We focus on the application of fundamental research to identify undervalued securities in order to construct portfolios that will deliver superior risk-adjusted returns over the long-term. Our philosophy is that we want to get paid for the risk that we take.

Our fixed income team utilizes a multi-dimensional approach that incorporates duration, credit, yield curve positioning, credit selection, foreign pay bonds and real return bonds in the portfolio construction process. Our approach does not focus on one dominant factor but rather incorporates the use of several tools to better position the portfolio to take advantage of changing market conditions.

Our investment process begins with an economic overview, which allows us to develop a long-term secular view on the market. Based on our view of value and risk, we then determine the appropriate duration and yield curve positioning for the portfolio. We also adopt a short-term tactical outlook within the context of our long-term secular view. This allows us to add incremental value based on shorter-term trading opportunities. We utilize foreign pay bonds and real return bonds on an opportunistic basis to add value when risk-reward characteristics are favourable.

Our exposure to credit risk through corporate, provincial and municipal government issues is a reflection of our detailed credit analysis and evaluation of risk-reward valuation characteristics. We do not rely on rating agency reports for our evaluation of risk; instead, we emphasize internal research by the fixed-income team, with support from the equity team. Credit analysis and portfolio management are an integrated function. We believe this leads to a more proactive approach to credit management.

Investments are made once the optimal structure of the portfolio is determined. We continually monitor and re-assess the portfolio based on changing market conditions.

Fund Description

INVESTMENT OBJECTIVE

The investment objective of the Short Mid Bond strategy is to provide current income and capital preservation by investing in a diversified portfolio of high quality, fixed income and money market securities. It is anticipated that some portion of the Private Client Bond Fund's total return will come from capital gains.

INVESTMENT STRATEGIES

The investment objective of the Short Mid Bond strategy will be achieved by investing primarily in the following permitted securities:

- Bonds and debentures issued or guaranteed by the Canadian federal government, a province or a municipality;
- Bonds and debentures issued by corporations, up to a maximum of 60% of the Private Client Bond Fund's portfolio, rated at a minimum BBB or its equivalent by a recognized rating agency; and
- Asset backed securities.

Permitted investments also include the following bonds that are not included in the benchmark:

- Bonds with maturities beyond 10 years;
- Real return bonds;
- Debt issues of foreign issuers denominated in Canadian dollars (i.e. "Maple Bonds") that meet term and quality criterion, within set limits;
- Mortgage and asset backed securities that are not in the benchmark and that meet quality criterion; and
- Foreign-currency pay bonds and debentures, issued by either foreign or Canadian entities, up to a maximum of 10% of the Private Client Bond Fund's portfolio. As long as the Private Client Bond Fund does not meet the requirements for designation as a Mutual Fund Trust as defined under the Income Tax Act (Canada), it will not use derivatives to hedge its foreign currency exposure.

The Short Mid Bond strategy may hold cash or cash equivalents pending investment or if such cash holdings are desirable as a result of market conditions.