

Cordeau Lemay

Wealth Advisory

June 2023

Sell in May and go away !

On June 7, the Bank of Canada announced a 0.25% increase in its key rate, bringing it to 4.75%, the highest level since April 2001.

Inflation remains well above the 2% target set by the Bank of Canada mainly due to the strength of the Canadian economy which has exceeded the Central Bank's discounters.

Is this the last rate increase? According to the majority of analysts and economists probably not. But why do central banks change their interest rates? They do this to control rising inflation because an increase in interest rates leads to less spending in the economy which slows down inflation.

Rising interest rates also have an impact on publicly traded companies as their borrowing costs increase, including debt repayment, which may have the effect of reducing their profits. This situation particularly affects companies with significant debt. Of course, each company will be impacted in a specific way.

In this environment of continuously rising interest rates, even though we are probably nearing the end, it is better to favor companies with little debt and positive cash flow, which is exactly what we favor in our portfolio.

I hope this brief explanation helps you understand why rates are rising. I wish you an excellent month of June.

Phil



Trading Information

CL Disciplined Growth

Symbol:	NBN 1550
Fund Launch Date:	01/15/2021
Portfolio Manager:	Philippe Cordeau
Distribution Frequency:	Quarterly
Number of Holdings:	63
Dividend Yield	1.92%

Performance (May 31th, 2023)

	1 Mo	3 Mo	1 Yr
NBN1550	-2.78%	-4.69%	-0.21%
Benchmark*	-2.40%	1.42%	5.21%
Percentile Rank**	58	83	58

Sources: MorningStar, Croesus

*Benchmark: 5% FTSE Canada T-Bill 91 days, 10% FTSE Canada Universal Bonds, 30% S&P/TSX TR, 30% S&P500 CAD TR, 15% MSCI EAEO CAD TR and 10% NBF Alternative

** Morningstar Category: North America Equities

Contact us

Sorel-Tracy
58 rue Du Roi, Bureau 201
Sorel-Tracy, QC, J3P 4M7
Tel: 450 743-0775
fbngp.ca

Ottawa
50 O'Connor St.
Suite 1602
Ottawa, ON, K1P 6L2
Tel: 613 760-3499
fbngp.ca

www.cordeaulemay.ca

The particulars contained herein were obtained from sources we believe to be reliable but are not guaranteed by us and may be incomplete. The opinions expressed are based upon our analysis and interpretation of these particulars and are not to be construed as a solicitation or offer to buy or sell the securities mentioned herein. The opinions expressed do not necessarily reflect those of NBF. I have prepared this report to the best of my judgment and professional experience to give you my thoughts on various financial aspects and considerations. The securities or sectors mentioned in this letter are not suitable for all types of investors and should not be considered as recommendations. Please consult your investment advisor to verify whether the security or sector is suitable for you and to obtain complete information, including the main risk factors. Some of the securities or sectors mentioned may not be followed by the analysts of NBF.

