



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 SCAD TR, 15% MSCI EAO SCAD TR and 10% NBF Alternative

** Morningstar Category: North America Equities

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