Building your financial future

Team Chartier, Grandmaison

Wealth Management Advisors and Portfolio Managers

Award recipient for the 5th consecutive year

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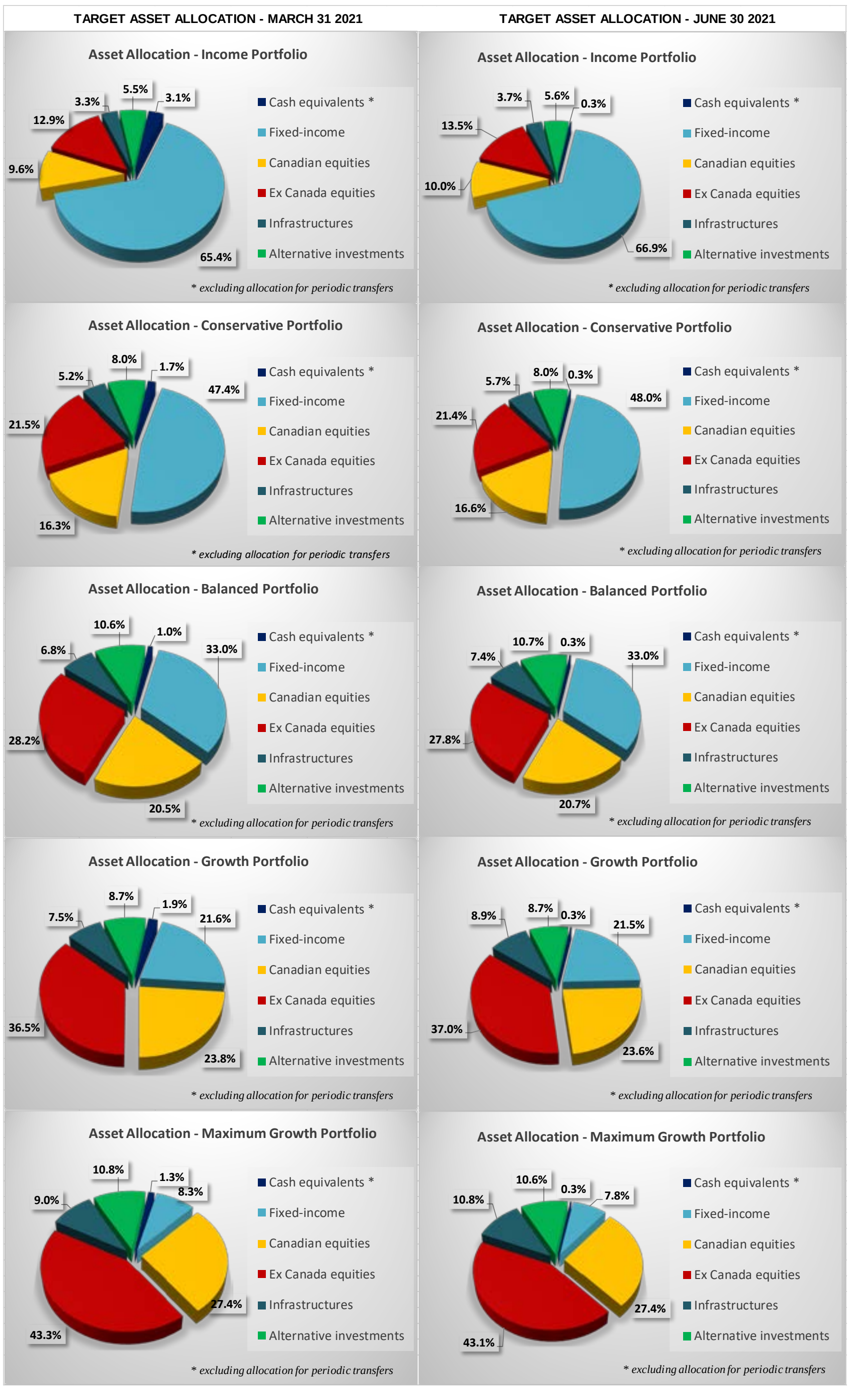
Portfolio Management Excellence Montreal

Our expertise, your success

2nd QUARTER 2021 SUMMARY

Asset Allocation Strategy:

The main adjustment from the previous quarter is a slight decrease in the cash exposure and a few changes in other asset classes related to market movements:



Portfolio Model Revisions:

We did not make any changes to the portfolio during the second quarter. We are confident in the current strategic allocation and feel that the individual stock selection is appropriate for the environment.
To mention a few, let's take ZLB (BMO Canadian Low Volatility Equity ETF), DGRO (iShares Core Dividend Growth ETF) and BNI Quebec Growth Fund as an example.

In the last year, the movements and uncertainty in the equity market have been driven by the global environment where there are fears of inflation, interest rate hikes and other pandemic-related emergencies. ZLB's underlying holdings are comprised of the 40 least market-sensitive of the 100 largest liquid Canadian stocks which makes it an excellent solution to lower risk in the portfolio

In a different style, but still focused on reducing volatility, DGRO will benefit from selecting U.S. stocks with a history of sustained dividend growth (at least 5 years). The strategy focuses on stocks that demonstrate a potential for future above market average dividend growth, while avoiding the risk of being exposed to high dividend companies, which can sometimes hide negative information.

The strategy is well diversified across a universe of mature companies within their industry and has low risk characteristics relative to its peers, also due to lower sensitivity to interest rate changes.

Dividend growth is not only an indicator of a company's financial health, but also a generator of growing and sustainable income in the portfolio.

Fonds de Solidarité FTQ vs. NBI Quebec Growth Fund

Finally, we wanted to focus on the NBI Quebec Growth Fund which stands out for its growing performance. It has been in our Canadian Equity investment strategy since 2017. This fund is an excellent alternative for strategies focused on Quebec SMEs, such as the well-known Fonds de Solidarité FTQ, which has not matched the returns of our solution despite their interesting tax benefit.

Let's take a look at the performance over 1, 3 and 5 years as of May 31, 2021. Obviously, the performance is far more attractive in the BNI Quebec Growth fund thanks to the active management process focused on growth that provides excess returns in our clients' portfolios.

Average annualized compound return %
As of May 31, 2021

Fund Name	1 Year	3 Years	5 Years
NBI Quebec Growth Fund F	49.4%	13.8%	12.4%
Fonds de Solidarité FTQ	20.3%	9.3%	8.9%

2nd Quarter Highlights:

Lion Electric IPO:

During Q2 2021, Lion Electric (LEV), which we added to the portfolio during the previous quarter via the Northern Genesis Acquisition SPAC (details in our last quarterly summary), went public on the New York and Toronto stock exchanges.

The transaction added approximately $490 million to Lion Electric's capital. This amount will be used, among other things, to expand its production capacity in the United States and to build a battery plant in Mirabel.

Inflation at the heart of the debate

We have seen a shift in the situation over the past three months, particularly in the bond market. Indeed, contrary to the first quarter when the correlation between inflation and the increase in US 10-year bond rates was positive, which led to a decrease in long-term bond yields, the second quarter was characterized by a decrease of those same rates, but with inflation still galloping.

Does this mean we should be worried about inflation or not? Some believe that it is a temporary post-pandemic situation and that things will stabilize, especially as the Federal Reserve begins to consider a possible normalization of its monetary policy.

Others argue that inflation is not a short-term story and is there for good, mainly because of structural, economic and political factors. These include the return of protectionism and tariffs that are driving prices up, the demographics of an aging population consuming more than producing, and the rise of digitalization and e-commerce looking for more profitability are pushing all players to raise prices.

In any case, let's remember that markets are forward-looking and have already anticipated their expectations to reflect a clear inflation, which will probably head towards higher levels than in the past but not necessarily worrying.

What we can also take away from the second quarter is the broad-based nature of the gains between the different market segments (stocks and bonds)

We believe that we are at the top of the economic growth curve in 2021, however, we are confident that the earnings of our portfolio companies will continue to grow and that the overall economic environment will continue to reward equity markets until the end of the year.

We are maintaining our strategy of diversification (geographic and sector), which is key to our long-term success, and we will continue to evaluate the situation to adjust our positioning in anticipation of the inflation effects and potential episodes of market volatility.