Building your financial future

Team Chartier, Grandmaison

Wealth Management Advisors and Portfolio Managers

2022
Awards of Excellence

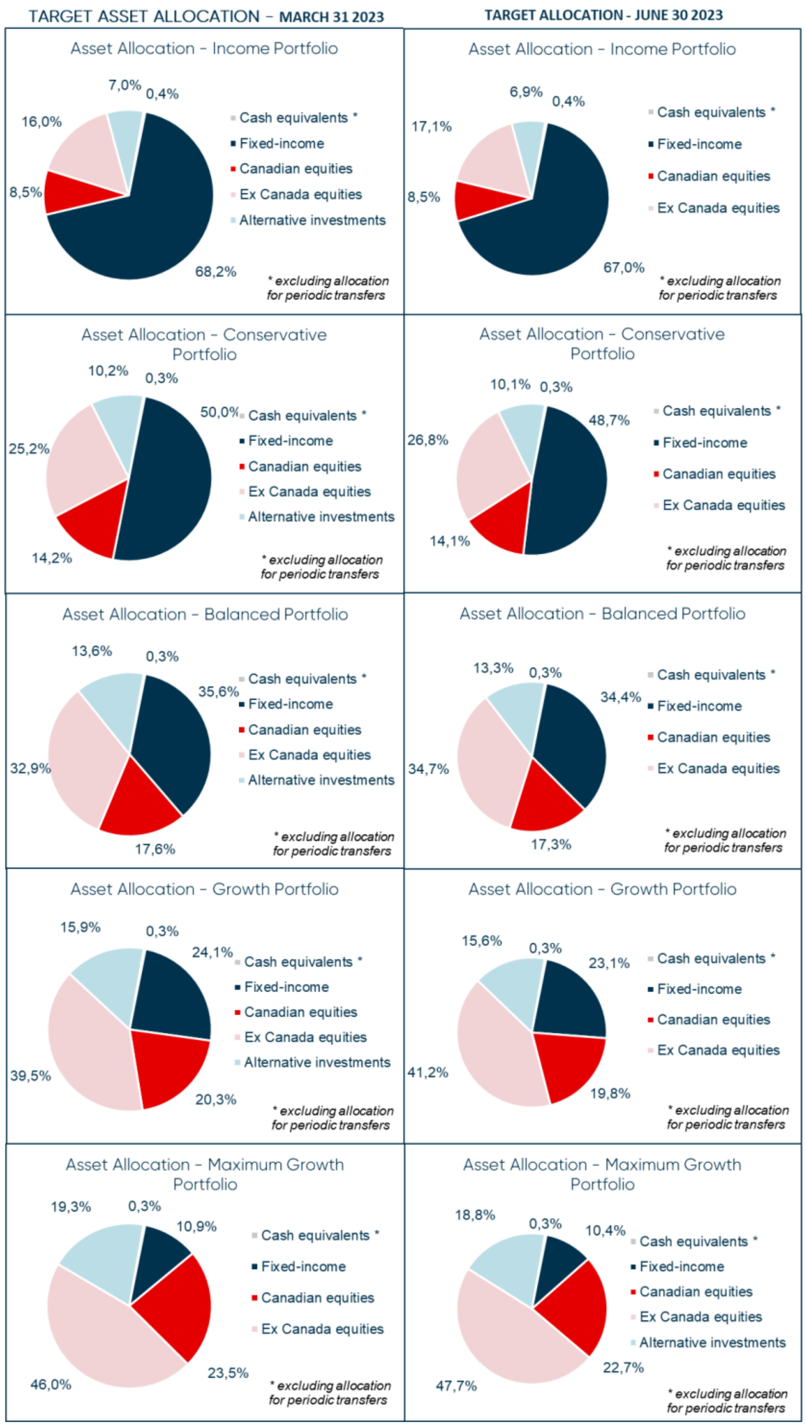
Wealth Management
Montreal

Our expertise, your success

2ND QUARTER 2023 SUMMARY

Asset Allocation Strategy

We did not make any changes to the asset allocation in the porfolio during Q2. The observed variations result from market movements.



NATIONAL BANK FINANCIAL
WEALTH MANAGEMENT

CHARTIER GRANDMAISON | TEAM

Portfolio Model Revisions

National Bank Investment ("NBI") announced changes to the NBI International and U.S. High Conviction Equity Private Portfolios, formerly sub-advised by Fiera Capital.

Nadim Rizk, Lead Portfolio Manager for these mandates, transitioned with his entire global equity team to create his own company in 2021, PineStone Asset Management Inc., where he is Chief Executive Officer and Chief Investment Officer.

The NBI International and U.S. High Conviction Equity Private Portfolios are now fully sub-advised by PineStone Asset Management Inc., and Nadim Rizk will remain the Lead Portfolio Manager.

This organizational change does not change our assessment of the quality of the management process. We therefore maintain our positions in both private portfolios, which have been a real success in our model for several years.

Nadim Rizk has built an excellent reputation in the investment field for 20 years. He oversees $60 billion in assets under management and his annualized returns are close to 20% over 10 years.

2nd Quarter Highlights

Following the disruptions in the US financial sector linked to the failures of some regional banks in the United States, it was the US debt ceiling saga that put markets under pressure during the second quarter. The story ended on a positive note resulting in an agreement between Republicans and Democrats in early June, which created some enthusiasm with investors. This wind of optimism has allowed US equities, among others, to recover thanks in particular to the technology sector, fueled by advances in the field of artificial intelligence.

On the other hand, the US Federal Reserve (Fed) kept its key interest rate unchanged in June, which was well received by investors as it marked a pause in monetary policy tightening. However, several policymakers still expect two more rate hikes by the end of the year.

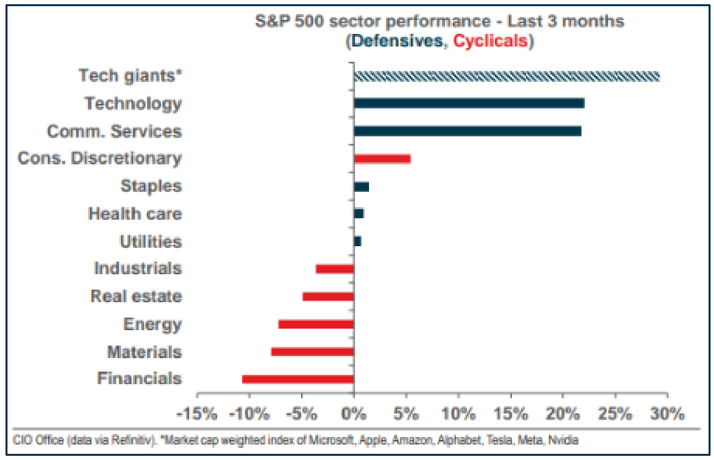
On the Canadian side, the Bank of Canada created some surprise raising its key interest rate by 25 points, bringing it to 4.75% in June while markets expected rates to remain unchanged. This sends a signal that the Bank of Canada is committed to its goal of sustainably reducing annual inflation to 2% despite the financial stress that rising interest rates can put on indebted businesses and households.

In such a context, it is still difficult to see clearly. Central banks remain vigilant about the risk of renewed inflation later this year. As a result, it is likely that they will wait until at least the end of 2023 before beginning to lower interest rates, if not in 2024 in light of the evolution of the economic context.

Outlook

Overall, while markets have been satisfied with a better-than-expected global economy so far thanks to defensive sectors and mostly technology giants, the rest of the year looks more challenging as signs of weak employment begin to emerge and core inflation remains high.

Without taking anything away from the economic potential of these tech giants, most analysts suggest that they will not be able to sustain alone the entire market indefinitely.



Central banks will therefore have to wait to monitor this recessionary trend in the statistics before cutting rates, which would certainly be uncomfortable, but preferable to letting inflation run out of control.

The coming months may still be volatile and in our cautious approach to market risks, we prefer to focus on stoks of healthy businesses with strong balance sheets. In addition, with the slight increase in the fixed income portion of portfolios last quarter, combined with the alternative portion (less correlated with traditional assets), our portfolios are well positioned to weather the uncertainty of the coming months.

"A goal without a plan is just a wish." - Antoine de Saint-Exupéry