

Financial HARTbeat

Low prices?
June 4th 2026



Good Morning,

Low-priced S&P 500 stocks have historically been a surprisingly strong factor strategy — Humilis' screen of the 50 lowest-priced S&P 500 names at each year-end produced a 26.8% CAGR since 1990 versus 8.9% for the S&P 500, with better risk-adjusted returns as well.

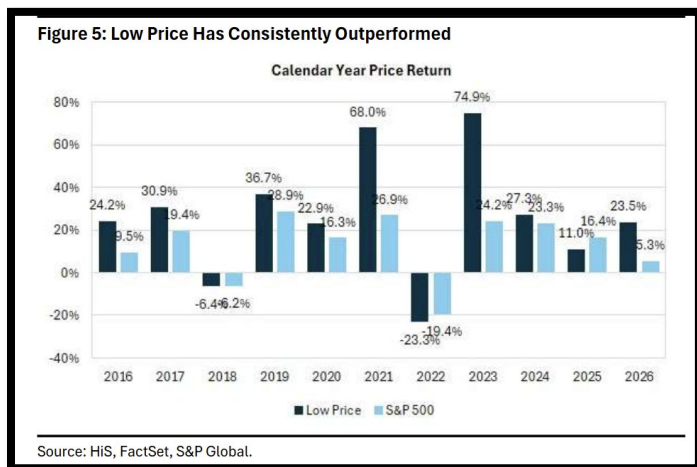
The strategy has also shown downside resilience in weaker markets — during rolling one-year periods when the S&P 500 declined 10% or more, the low-price basket fell 5.8% on average versus a 21.6% decline for the index.

Low price does not necessarily mean small or concentrated — the latest screen had an average market cap of roughly \$28B and included all 11 S&P sectors, suggesting the factor may provide a broad pool of stock-picking opportunities rather than just a small-cap/value tilt.

Catch the playback of our Weekly Roundup [Click here](#)

Also, catch the playback of our Annual Outlook [Click here](#)

Chart of the Day: Low priced stocks historical...



Ben Hart

Senior Wealth Advisor & Portfolio Manager

> 613-760-3788

> ben.hart@nbc.ca

National Bank Financial - Wealth Management

50 O'Connor Street Suite 1602
Ottawa, ON K1P 6L2



National Bank Financial - Wealth Management (NBFWM) is a division of National Bank Financial Inc. (NBF), as well as a trademark owned by National Bank of Canada (NBC) that is used under license by NBF. NBF is a member of the Canadian Investment Regulatory Organization (CIRO) and the Canadian Investor Protection Fund (CIPF), and is a wholly-owned subsidiary of NBC, a public company listed on the Toronto Stock Exchange (TSX: NA). • 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.

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 Wealth 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.



Top News

Futures point to a lower open on Thursday as traders dumped chip stocks following an underwhelming report from Broadcom, while they also monitored the latest developments. Broadcom plunged after the chipmaker reported a fiscal second-quarter revenue miss. Cybersecurity stock CrowdStrike also fell 10% after giving lackluster second-quarter revenue guidance.

Oil prices fell on Thursday after a ceasefire deal between Israel and Lebanon boosted hopes for a broader agreement to end the U.S.-Israeli war with Iran that could lead to a reopening of the Strait of Hormuz. The number of Americans filing claims for unemployment benefits increased more than expected last week, but the underlying trend remained consistent with a stable labor market. Initial claims for state unemployment benefits rose 13,000 to a seasonally adjusted 225,000 for the week ended May 30, the Labor Department said on Thursday. Economists had forecast 213,000 claims for the latest week. The four-week moving average of claims increased only 6,500 to 214,750.

European shares were steady on Thursday, as investors assessed whether developments in the Middle East would lead towards a peace deal to end the months-long conflict, while Remy Cointreau rose after the beverage maker announced a turnaround plan. Spain's seasonally and calendar-adjusted industrial output rose 2% in April from the same month a year earlier, official data from the country's national statistics institute (INE) showed on Thursday. Activity in Britain's construction sector slowed at the sharpest pace in six years last month as economic uncertainty and rising inflation triggered by the Iran war led to a steep fall in new work, a survey showed on Thursday.

Japan's Nikkei share average slid the most in three weeks on Thursday, pulling back from a record high as investors sold AI-related stocks after Broadcom missed second-quarter revenue expectations. On the Nikkei on Thursday, technology investor SoftBank Group tanked 11.3% and was the top drag for the index. The investor was also the index's biggest percentage loser.

China and Hong Kong stocks fell with Asian markets on Thursday, as Middle East tensions intensified, but Chinese chipmakers jumped on bets of domestic breakthroughs. Taiwan's TSMC, the world's largest



Ben Hart

Senior Wealth Advisor & Portfolio Manager

› 613-760-3788

› ben.hart@nbc.ca

**National Bank Financial -
Wealth Management**

50 O'Connor Street Suite 1602
Ottawa, ON K1P 6L2



National Bank Financial - Wealth Management (NBFWM) is a division of National Bank Financial Inc. (NBF), as well as a trademark owned by National Bank of Canada (NBC) that is used under license by NBF. NBF is a member of the Canadian Investment Regulatory Organization (CIRO) and the Canadian Investor Protection Fund (CIPF), and is a wholly-owned subsidiary of NBC, a public company listed on the Toronto Stock Exchange (TSX: NA). • 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.

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 Wealth 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.



contract chipmaker, is striving to keep up with demand and avoid becoming a bottleneck in the global supply chain during the relentless boom in artificial intelligence, its CEO said on Thursday.

Stock Market Valuation in "Normal" Range (Argus)

We have different ways of looking at market valuations, and most are signaling that stocks are reasonably valued, but not a bargain. Our Stock Bond Barometer asset-allocation model is indicating that the two major portfolio asset classes are near parity for valuation. The model goes back to 1960 and takes into account real-time price levels, historical growth rates, and forward-looking forecasts of government and corporate fixed-income yields, inflation, stock prices, GDP, and corporate earnings, among other factors. The output is in standard deviations to the mean, or sigma. The mean reading from the model is a modest premium for stocks, of 0.18 sigma, with a standard deviation of 1.07. So stocks normally sell for a slight premium compared to bonds. The current valuation level is a 0.71 sigma premium for stocks, within the normal range. Other valuation measures also show reasonable multiples for stocks. The current forward P/E ratio for the S&P 500 is approximately 21, within the normal range of 15-24. On price/book, stocks are priced at the high end of the historical range of 5.5-1.8, given that tech stocks, with low capital bases, are the biggest component of the market.

The S&P 500 dividend yield of 1.08% is below the historical average of 2.9%, but the relative reading to the 10-year Treasury bond yield is 24% compared to the long-run average of 39% and the all-time low of 18% during 1999. On price/sales, the current ratio of 3.3 is above the historical average of 1.8, but well below the 4.0 multiple at the peak of the dot-com bubble. As well, the gap between the S&P 500 earnings yield and the benchmark 10-year government bond yield is 370 basis points, compared to the historical average of 400. Lastly, the ratio of the S&P 500 price to an ounce of gold is 1.7, within the normal range of 1-to-3. The valuation measures suggest to us that the stock market, at record highs, is not in danger of entering bubble territory.



Ben Hart

Senior Wealth Advisor & Portfolio Manager

› 613-760-3788

› ben.hart@nbc.ca

**National Bank Financial -
Wealth Management**

50 O'Connor Street Suite 1602
Ottawa, ON K1P 6L2



National Bank Financial - Wealth Management (NBFWM) is a division of National Bank Financial Inc. (NBF), as well as a trademark owned by National Bank of Canada (NBC) that is used under license by NBF. NBF is a member of the Canadian Investment Regulatory Organization (CIRO) and the Canadian Investor Protection Fund (CIPF), and is a wholly-owned subsidiary of NBC, a public company listed on the Toronto Stock Exchange (TSX: NA). • 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.

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 Wealth 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.

Financial HARTbeat



Bond Yields (bps (basis points) negative means prices up and positive means prices down)

Figure 1: Key Interest Rates (Canada & U.S.)

Canadian Key Rate	Last	Change bps	Canadian Key Rate	Last	Change bps
CDA o/n	2.25%	0.0	CDA 5 year	3.06%	-3.4
CDA Prime	4.45%	0.0	CDA 10 year	3.40%	-3.2
CDA 3 month T-Bill	2.30%	0.0	CDA 20 year	3.67%	-2.2
CDA 6 month T-Bill	2.37%	0.0	CDA 30 year	3.78%	-2.3
CDA 1 Year	2.58%	-3.0			
CDA 2 year	2.78%	-3.9			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	3.5-3.75%	0.0	US 5 year	4.17%	-4.7
US Prime	6.75%	0.0	US 10 year	4.45%	-3.8
US 3 month T-Bill	3.63%	-0.3	US 30 year	4.96%	-2.8
US 6 month T-Bill	3.76%	-0.8	5YR Sovereign CDS	41.74	
US 1 Year	3.80%	-2.4	10YR Sovereign CDS	51.23	
US 2 year	4.04%	-4.5			
Preferred Shares Indicators	Last	Daily %	YTD		
S&P Preferred Share Index	707.68	-0.02%	1.64%		
BMO Laddered Preferred Shares (ETF)	12.79	-0.16%	3.73%		

Source: LSEG

Things are looking up! Have a great day!

Ben



Ben Hart

Senior Wealth Advisor & Portfolio Manager

> 613-760-3788

> ben.hart@nbc.ca

**National Bank Financial -
Wealth Management**

50 O'Connor Street Suite 1602
Ottawa, ON K1P 6L2



National Bank Financial - Wealth Management (NBFWM) is a division of National Bank Financial Inc. (NBF), as well as a trademark owned by National Bank of Canada (NBC) that is used under license by NBF. NBF is a member of the Canadian Investment Regulatory Organization (CIRO) and the Canadian Investor Protection Fund (CIPF), and is a wholly-owned subsidiary of NBC, a public company listed on the Toronto Stock Exchange (TSX: NA). • 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.

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 Wealth 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.