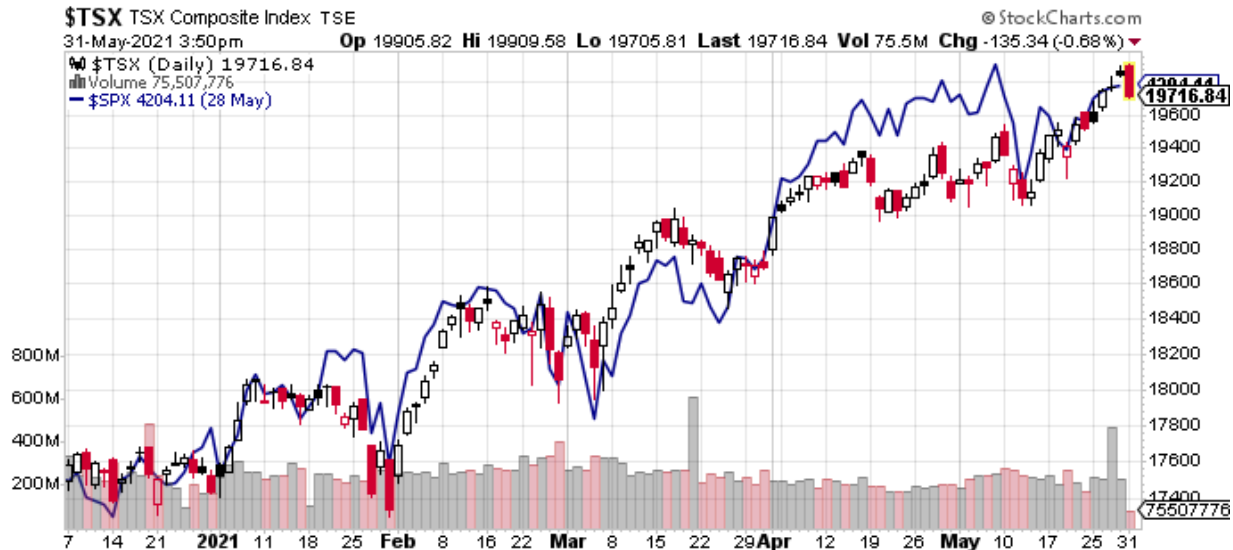


Market Update

June 2021



The TSX (Canadian Broad Market Index) is up 13.38% ytd (at May 31, 2021)

The SPX (American Broad Market Index) is up 11.9% ytd

These indices are merely a representation of the many sectors that make up an economy. There is a rotation that occurs among sectors throughout economic cycles.

Here are the best and worst sectors last year and this year - note the rotations from one year to another.

	2020	2021
Best performing	Technology & Consumer Discretionary	Energy & Financials
Worst performing	Financials & Energy	Technology & Consumer Discretionary

Lesson? Don't fall in love with one sector – be diversified. I sometimes get calls from clients wanting to load up with a currently popular sector – after it has run.

Low interest rates and anticipated recovery demand likely played a role in last year's correction which saw the market drop 34% in just 33 days and then recover in 6 months less 1 day. This was the fastest correction and recovery – EVER.

CP Rail (CP) split 5:1 in May. They will pick up \$700 million from Kansas City Southern as a break-up fee for Kansas City accepting CNR's higher takeover bid. The story isn't over though. CP had regulator approval and CNR does not yet – and some think uncertainty exists around whether they will. If CNR can't take Kansas City over, perhaps things will come around to CP once again.

Nvidia (NVDA) splits 4:1 in mid-July. Nvidia has different segments as a high-speed chip maker. However, one of its biggest potentials is as the brain if you will in autonomous electric vehicles.

Financials. We have seen outstanding earnings from the banks this quarter and as suggested, they are reallocating previous loan loss provisions to earnings as the economy opens up. Rising interest rates are good for the banks as their spreads improve. What's next? As stock prices move above \$100, potential exists for stock splits.

Energy. What a reversal from last fall. Energy has moved from the worst performing sector last year, to a leading sector this year in anticipation of an economy reopening. I continue to prefer infrastructure and select natural gas assets in this space.

JD Power recently released it's 2021 Client Satisfaction survey pertaining to clients of Wealth Management Firms. National Bank Financial was ranked #2 in their survey and was ranked #1 among Canadian Bank owned firms.

We are pretty excited about this as it is confirmation that our client's are happy with the job we have been doing for them. At the same time, while it is extremely important to us that our clients remain happy, so are we. The average tenure at National Bank Financial is twenty years!

My team and I appreciate the trust you have enlisted us with and look forward to continuing to provide you with exceptional service and wealth management advice, for many years to come.

I have prepared this commentary to give you my thoughts on various investment alternatives and considerations which may be relevant to your portfolio. This commentary reflects my opinions alone, and may not reflect the views of National Bank Financial Group. In expressing these opinions, I bring my best judgment and professional experience from the perspective of someone who surveys a broad range of investments. Therefore, this report should be viewed as a reflection of my informed opinions rather than analyses produced by the Research Department of National Bank Financial.

Best wishes for a second job.

National Bank Financial

Rob Hunter
Vice President
Senior Investment Advisor

Sources: Stockcharts.com, NBF Economics, Globe & Mail, New York Times

National Bank Financial is an indirect wholly-owned subsidiary of National Bank of Canada. The National Bank of Canada is a public company listed on the Toronto Stock Exchange (NA: TSX).

This information was prepared by Rob Hunter, an Investment Advisor with National Bank Financial. The particulars contained herein were obtained from sources that we believe reliable but are not guaranteed by us and may be incomplete.

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