

SEMI-ANNUAL 2022 COMMENTARY

High Interest Savings Account Fund

Cash has always been an important component of a well diversified portfolio. HISA preserves your capital and liquidity by investing in high-interest deposit accounts.

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ETF TICKERS: HISA (HEDGED)

In the first half of 2022, interest rates rose in an effort to curb inflation, making cash investment products more attractive to investors as yields increase in lockstep with rate hikes. The cash portion of investors' portfolios helps to preserve capital during market downturns, and may act as a temporary safe haven until more attractive investment opportunities become available. The Fund preserves clients' capital and liquidity by investing in high-interest deposit accounts.

"With rising interest rates and inflation, sinking bonds and a skittish stock market, many investors are looking to high-interest saving exchange-traded funds, or ETFs, as a place to stash some cash, said Daniel Straus, director of ETF research and strategy with National Bank Financial in Toronto. "They're one of the few places to hide, and in fact, arguably superior to bonds," he added.(i)

The Canadian overnight rate had reached a low of 25bps at the height of the COVID-19 pandemic in March 2020. However, in the wake of persistently high inflation, which reached a 39-year high of 7.7% at the end of May 2022, the Bank of Canada raised interest rates by a total of 1.25% over the first half of 2022. More specifically, by 0.25% in March, 0.50% in April, and 0.50% in June.

Prior to commencing its rate-hiking campaign in March 2022, the Bank of Canada said that it hopes to maintain an inflation target range of between 1% and 3%, which means that rates may still have to climb higher before inflation cools.

Sources:

i) <https://www.theglobeandmail.com/investing/article-is-now-a-good-time-to-buy-a-high-interest-savings-etf/>

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