CINDY BOURY FCSI®, CIM®, FMA
USA/CDN Portfolio Manager & Branch Manager

CINDY BOURY PRIVATE WEALTH MANAGEMENT

NEWSLETTER: FOURTH QUARTER 2023

Cindy's Insight

Hello to you all, I hope you're enjoying the beauty of the fall season. I'm looking forward to hosting our annual update and celebrating 25 years as Cindy Boury Private Wealth Management on November 8th, and hope to see you there! If someone you know would enjoy coming out, feel free to bring them along, just let the ladies know so we can plan accordingly.

Travel Tips

In the past several months I have made a couple of trips to Orlando, Florida, for Raymond James conferences. With the distance and time difference, it is always quite the journey, but I feel it is important to participate in these conferences to meet my U.S. counterparts, as well as Canadian colleagues. As a discretionary cross-border portfolio manager, it is important to stay up-to-date on happenings on both sides of the border. I know many of you are seasoned travellers, and have many travel tips you could share. Here is what I have learned from my time in the sky:

- Before I leave, I always check with Florenza that my travel insurance will cover me for all days of my trip. Even if you take a day trip across the border you need to ensure you are covered. Accidents can happen anywhere, and the costs in the U.S. can be exorbitant if you aren't properly covered.
- To avoid overweight luggage charges, I like to travel with a portable handheld baggage scale to keep my luggage under that 50 lbs. limit. These can be purchased for under $20 and give you peace of mind before heading out.

A Look at the Market

Economic growth slowed because of weakening consumer consumption, a decline in housing activity, as well as wildfires in many regions. While inflation in advanced economies continues to come down, core inflation is still elevated. In Canada, inflation averaged three per cent and is expected to be higher in the near-term before easing again. The Bank of Canada says they are committed to restoring pricing stability for Canadians, and achieving a two per cent inflation target. As we mentioned in the last newsletter, global bond yields have risen due to higher interest rates. We take advantage of this opportunity to incur capital gains rather than interest when buying bonds. Despite world and economic events, we select bonds and stocks that are value-based and have sustainable dividends. Our team works every day to balance the portfolios, taking into account all of these factors.

2024 TFSA Contribution Limit

The TFSA contribution limit for 2024 has increased to $7000.00, up from last year's limit of $6,500.00. Canadian residents aged 18 and older with a Social Insurance Number can open a TFSA. Contributions to a TFSA are not tax deductible and withdrawals are tax-free, and do not result in lost contribution room. There are no restrictions on the use of funds from your TFSA. You can use that money to purchase a new car, renovate your house, start a small business or take a family vacation, etc. We're always here to answer any questions, so don't hesitate to reach out.

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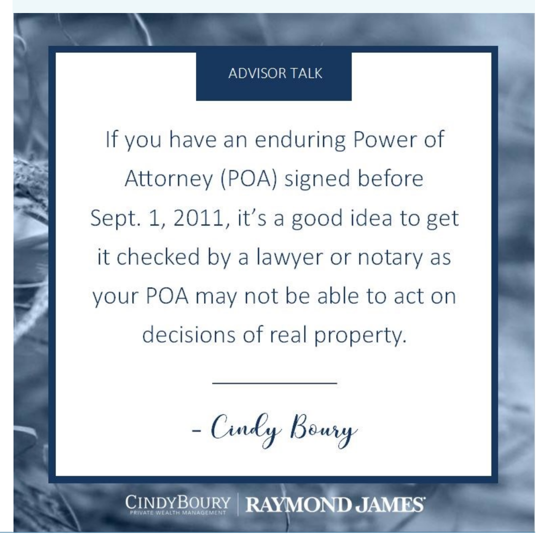
Inside This Issue



All About the New FHSA

The new tax-free First Home Savings Account (FHSA) is designed for first-time homebuyers. As of April 1, 2023, eligible Canadian residents can open a FHSA.

The FHSA is a cross between a Tax-Free Savings Account (TFSA), which provides for the tax-free growth of your investments, and a Registered Retirement Savings Plan (RRSP), which allows for tax-deductible contributions. The account will have a lifetime contribution maximum of $40,000, and an annual contribution limit of $8000. This means accountholders could contribute a maximum of $8,000 per year over a span of five years or $4000 a year over a span of 10 years for example. This allows for flexibility in their cash flow, while having their funds grow tax-free and reducing their taxable income in doing so.

The FHSA account must be closed within 15 years of its opening, whether or not a home was purchased. If the accountholder decides not to purchase a home, they can transfer the accumulated funds in their FHSA into their RRSP without affecting their overall contribution room.

Please contact us with any questions.

FHSA at First Glance

Description	Tax-free First Home Savings Account (FHSA)
Lifetime Limit	$40,000 (account can remain open for 15 years)
Annual Contribution Limit	$8,000/year (contributions are tax-deductible)
Minimum Requirements	• Must be a Canadian resident; • Must be 18 years old or more; • Must not have owned a home for a minimum of four years prior to opening the account.
Withdrawals	• Tax-free (including the growth portion) when used to purchase a home; • Taxable when withdrawn for other purposes; • Can be transferred to an RRSP if not used without affecting

How Much Further for Inflation and Interest Rates?

As we head into the final stretch of 2023, we remain cautious about the prospect of one more minor rate hike, in each of Canada and the U.S. Then, the question remains as to when and how the yield curve will renormalize, with short-term rates dropping back below long-term rates. Historically, and on average, recessions only hit about four months after the yield curve is renormalized. Heightened uncertainty and anxiety as we watch for data that paves the way through the build-up to this recession could lead to still more market volatility over the next few months or quarters, although we do look forward to a more stable and supportive environment as inflation gets under control and policy rates provide a little relief in the latter part of 2024, or perhaps into 2025. Patience is crucial and investors should take this opportunity to ensure that portfolios are properly balanced to ride through any potential volatility, and equally well equipped to benefit as the economic situation stabilizes and markets pick back up. Timing market tops and bottoms is exceedingly difficult, if not impossible, and markets can react quickly at, or ahead of, the first signs of an improving economy. Staying invested in the right assets for your long-term objectives and risk tolerance is usually the most prudent approach.

Our base case scenario is for mild recessions in 2024 in both Canada and the U.S. While Canada has already shown modest GDP contraction in both 4Q22 and 2Q23, the U.S. economy has been buoyed by various factors that have given hope of a soft-landing scenario. However, we still foresee the U.S. facing some contraction, at least in the first half of the next year, due to the slowing global economy and domestic pressure from higher interest rates.

Along with the softening of the economies, we foresee policy rates starting to decline in 2024, although more likely into the second half of the year and perhaps only in 2025, depending on how inflation, the economy, and employment data play out. The primary consideration will be inflation. Headline inflation numbers in both the U.S. and Canada reaccelerated in July and August, due to unfavourable base effects and increased energy prices. Despite a slight decrease in the September figures, there is no guarantee that this disinflationary trend will continue in the short-term and the future trajectory remains choppy. Central banks are tasked with maintaining price stability and employment, so as long as the employment situation looks good, the bankers have more flexibility to maintain monetary pressure.

The U.S. is currently experiencing an extremely tight labour market, with only 70 workers seeking employment for every 100 open jobs. Canada is faring better, with a larger percentage of the population as 'working age', it has approximately 170 job seekers per 100 open positions.

If inflation persists above the 2 per cent target range and the job markets remain tight, as is still the case in both the U.S. and Canada, central bankers are likely to keep interest rates higher than many people would hope. This cautious approach aims to prevent the risk of a resurgence in inflation. This is also what we should expect under the soft-landing scenario, where the economy remains so resilient that we skirt a recession, growth continues, and inflation remains above target, dragging out the "higher for longer" environment. If the economies slip into recession, we expect that would mean that unemployment ticks up and consumer spending declines, taking down inflation, and enticing central bankers to slowly reduce rates to limit job losses and ensure a mild and short-lived recession, but having still achieved the ultimate goal of bringing down inflation. It's a difficult needle to thread, and the risk of overtightening and/or waiting too long to ease policy rates brings the threat of a longer and/or deeper recession than necessary, with more job losses and leaving more damage to the economy, requiring perhaps more dramatic rate cuts and a longer recovery period, overall.

For investors, the interest rate environment has created opportunities in fixed income markets that we haven't seen in decades. In certain cases, this is allowing investors to lock in returns that somewhat rival certain equity investments, making this a very opportune time to review portfolios for the right balance of return expectation and risk level to achieve longer-term goals. Fixed income products have seen surprisingly high volatility recently, and valuations could still face some pressure if policy rates rise further, but locking in longer-term outcomes and having the potential for capital gains, assuming rates start to fall in the foreseeable future, should be considered. We delve into this topic extensively in the fixed income sections for both the U.S. and Canada.

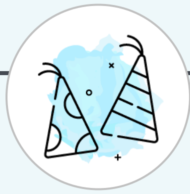
For North American equity markets, when excluding the mega cap tech stocks that have driven index performance in the U.S., returns have been quite muted, yet volatile. As fixed income has become a more viable asset class and as short-term cash and money market vehicles have been increasingly attractive and safer alternatives, most equities have suffered in comparison. With cash increasingly sitting on the sidelines, there are undoubtedly pockets of value that investors should consider after discussions with their financial advisors. We are not yet past this period of volatility and the potential for pullbacks as recessionary effects likely impact corporate earnings and expectations, yet as the market looks forward, the best returns are typically achieved early in the cycle before the masses are convinced that the coast is clear, and so it remains a prudent idea to remain invested in high quality businesses rather than trying to time the market.

With recessions, we expect inflation relief, allowing the easing of policy rates and more stable financial markets. In 2024 we foresee policy rates starting to decline, although more likely into the second half of the year and perhaps only in 2025, depending on how inflation, the economy, and employment data play out.

Excerpt from Asset Allocation Quarterly
by Raymond James, October 2023

Source: St. Louis Federal Reserve, Raymond James research; Data as of October 17, 2023.

Join Us For an Annual Update and 25 year Celebration!



Come out to our special event on **November 8th** at **4:30 PM.** We would love to see you there, and you are welcome to bring a guest.

There will be appetizers, refreshments and a presentation by Cindy. RSVP as soon as possible: jenny.donegan@raymondjames.ca or 604-855-0654.

Join us for an **evening** with Cindy Boury

YEARLY UPDATE

We invite you to attend our annual update. Enjoy appetizers and refreshments as we celebrate 25 years as Cindy Boury PWM.

EVENT DETAILS:

WEDNESDAY NOV 8, 2023

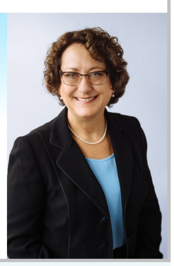
4:30 PM: Doors open
5:00 PM: Presentation

SANDMAN HOTEL
32720 Simon Ave, Abbotsford

HOSTED BY:

CINDY BOURY FMA, CIM®, FCSI®
USA/CDN Portfolio Manager & Branch Manager, Raymond James Ltd.

**RSVP is required as seats are limited. You are welcome to bring a guest.*



Raymond James Ltd. Conferences

Cindy has had the opportunity to participate in the Raymond James National Business Conference and Women's Symposium, both held in Florida. These events bring together advisors from across Canada and the USA, and feature keynote speakers, and educational breakout sessions. It provides Cindy with an important opportunity to meet with colleagues and share best practices and experiences, and keep her finger on the pulse of the company. This year she had the opportunity to visit with Tom James, Chairman Emeritus of Raymond James Financial, and his wife, Mary. As well as Paul Reilly, Chairman & CEO of Raymond James Financial.

Follow Our Social Media!

Have you seen our Facebook and LinkedIn? Stay up to date on the Cindy Boury Private Wealth Management team by following us!

Click the hyperlinks or copy to a webpage:

www.linkedin.com/in/cindyboury/

www.facebook.com/cindybourypwm/

Plasma Donation Day

Cindy and the team donated blood plasma at the new Abbotsford Plasma Donor Centre. Blood plasma goes to patients who need transfusions and other life-saving therapies. If you would like to donate, you are welcome to join the "Cindy Boury Private Wealth Management of Raymond James Ltd." team found under Partners on the blood.ca website, or let us know and we'll invite you to our next donation day!

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CINDYBOURY PRIVATE WEALTH MANAGEMENT | RAYMOND JAMES®

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