

NEWSLETTER: FIRST QUARTER 2021

Cindy's Insight

Winter greetings! I hope this finds you keeping warm, safe and hopeful while we bide our time before the end of the pandemic. The general uncertainty caused by this strange time is reflected in the fact that some people are hesitant to enter the stock market. I myself, see this as an opportunity. While there is no perfect time to invest, the right time is when you're ready. There are currently trillions of dollars on the sidelines waiting to come into the market, but the longer you wait with cash, the longer inflation will nibble at your savings, making entry more difficult with opportunities missed.

Beware of Speculative Companies

There are a number of speculative stocks that people are chasing, but these high-risk start-up stocks add a completely different dimension to a portfolio. Many new companies are entering into the stock market at the research and development stage. If a company doesn't have a product or service to sell, it is probably a high-risk speculative company and the fail/merger rate can be high as they run out of money. I focus on technical analysis fundamentals, and take a strategic approach. I look at the books of a company, review their debt, cash flow and anything else I feel will add to their growth and development. Through technical analysis we are able to see the movement of the stock, ETF or mutual fund, and can then buy and sell at a thoughtful time to either take some profit and add to a position, or to rebalance the portfolio.

Bitcoin Bandwagon

As an international company, Raymond James does not allow us to hold bitcoin, and I myself am not a fan of the currency. The reason being is that bitcoin can be used for money laundering. I believe bitcoin will one day be approved at Raymond James, but only when it is clear the money is from legal sources.

Day Traders and Property Owners

For active traders who make a profit in their TFSA's, the Canada Revenue Agency (CRA) may want to audit you. Large profits from these trades may be taxed as capital gains or income. The same applies to real estate investment properties. We know the CRA is starting to tax real estate ownership here in the Fraser Valley, and if you have a trading account be aware you may be in breach with onerous tax impacts.

If you take speculative risk, you will eventually miss and loose out, but if you like systematic, good-quality investments managed by a group of scrupulous ladies, then you are our type of client. Last year we restructured the portfolios. I increased your global exposure through ETFs and mutual funds. Our basket of single stocks are Canadian-and US-based, and the portfolios are heavy in technology, with a focus on the new economy. I also have some greener focused pieces. Long-term buy and hold stocks have value but you must review and be engaged to make sure the company isn't part of a sunset industry, also known as declining industry.

Cindy Boury FMA, CIM®, FCSI®
Portfolio & Branch Manager



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FINANCIAL TIPS

Reminder...

If you received CERB in 2020,
be prepared to pay income
tax on your payments!

The government will issue tax
slips outlining the amount to
include for your tax return.

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PRIVATE WEALTH MANAGEMENT

Best “Virtual Tours” To Take During Covid-19

While travel has come to a near standstill during the coronavirus pandemic, technology is allowing you to visit almost any place on the planet in the blink of an eye. Below are a few of the highest ranked virtual tours.



The Louvre

Now you don't need to battle the crowds at the Louvre to get an up-close look at the Mona Lisa. The world's top-searched virtual tours is Paris's legendary art museum.

<https://www.louvre.fr/en/visites-en-ligne>



The San Diego Zoo

Watch from live-streaming cameras to virtually visit animals any time of the day or night. <https://kids.sandiegozoo.org/videos>

Great Wall of China

Commonly considered a wonder of the world, the Great Wall boasts a history of over 2,000 years and stretches more than 3,000 miles across several provinces.

<https://www.thechinaguide.com/destination/great-wall-of-china>

Disney World

Virtually experience attractions, roller-coasters, shows, hotels and park areas through Disney's new YouTube channel.

<https://www.youtube.com/channel/UCYyJUEtYv-ZW7BgjHP3UbTg>

Source: www.forbes.com

Micro Bubbles

There are clearly some areas of the market that have excess froth renewables, clean energy, EVs, and special purpose acquisition companies (SPACs) are a few that come to mind. Their popularity is generally driven by developing secular trends and longer term changes in how society functions. But then there are the crazy excesses we're seeing in companies trending on social media. This week, Reddit's r/WallStreetBets lit a small fire under a struggling retailer, **GameStop (GME-US)**, as well as a little known Canadian company, **BlackBerry (BB-US)**. Each has made parabolic moves higher in recent days. Earlier this month, Elon Musk tweeted "Use Signal", an encrypted messaging service, but investors mistakenly thought he was referring to **Signal Advance (SIGL-US)**. The stock jumped over 1,000%, and for some reason, SIGL has maintained a lot of these ill-gotten gains. Then, yesterday Musk praised **Etsy (ETSY-US)** after buying a gift for his dog; the stock popped on the tweet. Welcome to herd mentality 2.0!

This herd mentality is reminiscent of the dot.com days where newbie investors rushed into the latest stock based on message-board rumors, but with a few differences. Today's herd appears more sophisticated in that they are focusing on heavily shorted stocks forcing hedge funds that are short to cover, otherwise known as a "short squeeze." Investors that short a stock sell it today with the intention of repurchasing it in the future at a lower price, they believe that the stock will fall in value in the future. The most significant risk for a short seller is that they have unlimited loss potential. For example, if an investor shorted ABC and it appreciates by 300%, the investor will have lost that value. In contrast, if that same investor decided to buy ABC and the stock went to zero, the investor's loss is limited to only 100%.

The second difference with today's herd is that they are flush with stimulus cash with nowhere to go and limited avenues

Life Insurance FAQ's

Q: "What is CDIC Insurance?"

A: We have been seeing more and more advertising for the Canada Deposit Insurance Corporation (CDIC). CDIC was established in 1967 as an independent Crown corporation by Parliament and insures up to \$100,000 (including principal and interest) of eligible deposits that are held in CDIC member institutions. Members include banks, federally regulated credit unions as well as some loan and trust companies.

CDIC covers savings and chequing accounts, GICs and term deposits as well as foreign currency. If a CDIC member fails or closes, they'll reimburse your insured funds. CDIC doesn't cover mutual funds, stocks, ETFs, bonds or cryptocurrencies.

This is why when we purchase GICs for our clients we check to ensure placements are not over the CDIC coverage with individual issuers. If someone places over \$100,000 in a GIC we will split the funds as to ensure coverage for the full amount.

If you are wondering if your financial institution provides CDIC coverage go to www.cdic.ca

Florenza Jones
Insurance Representative



MARKET ECONOMIC UPDATE

for entertainment, so why not roll the dice on the latest TikTok or Reddit thread. The significant levels of liquidity and economic lockdowns have clearly had some unintended consequences.

Look no further than the top shorted US stocks, which have posted some pretty impressive returns over the last four weeks. Investing long in an equally weighted basket would have produced a return of 116% (to underline the excesses, when I started writing this note earlier this week the average return was 67.6%). From the list, **GameStop (GME-US)** is the most egregious anomaly, trading over 3,000% above the consensus target price of \$13.44. There is simply no fundamental reason for GME to be trading at this level, but it is because the herd is forcing hedge funds that are short the stock to cover. While we know, eventually, the shorts will almost certainly be right, the market can stay irrational longer than they can stay solvent. Unfortunately for hedge fund Melvin Capital, the herd forced them to exit (cover) their position yesterday at a significant loss, according to CNBC. The hedge fund also required ~\$3bln in capital injections from its investors. Now that Melvin Capital is reportedly out of GME, perhaps the herd will move onto the next squeeze.

What is happening in pockets of the market is a distraction that can sway us from achieving our long-term invest-

ment objective. We must remind ourselves of our long-term investment goals and how we can achieve them. Chasing return in stocks with no fundamental reason for advancing can be a dangerous game to play, particularly when sentiment shifts.

Time for a Pause

We remain bullish on the market, but indices and sentiment are stretched at the moment. The S&P 500 is trading 15.9% above its 200-day moving average; this is more than two standard deviations above the mean bull market average. Considering historical periods when the market was this stretched, the

S&P 500 was flat three months out (we exclude the 2009 bounce off the market low, including this event, the average is 1.2%).

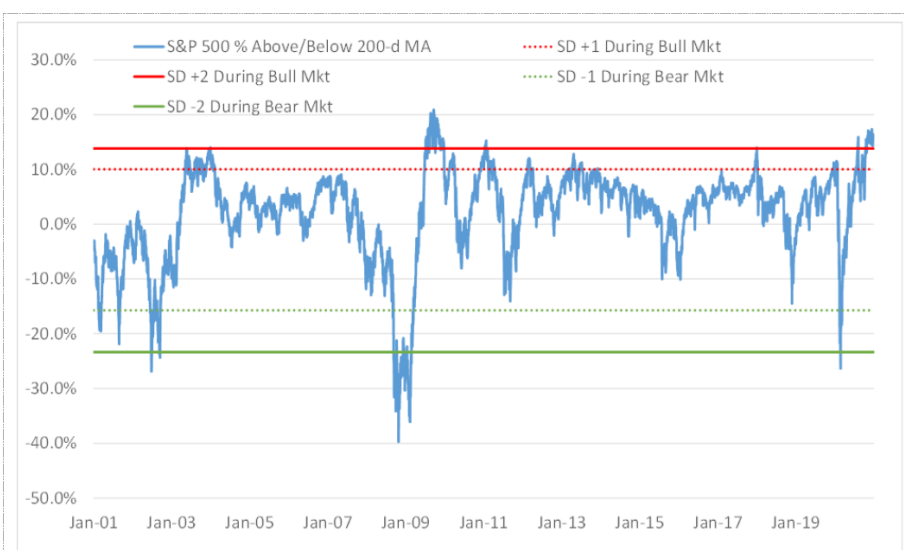
As we anticipate a pause, which may present an opportunity to put capital to work, we remind investors of the areas we see value over the next 11 months. These include:

- Value
- Cyclical
- Small caps

Jason Castelli CFA

Vice President, Head of Investment Strategy, PCS Investment Strategy team at Raymond James Ltd.

S&P 500 Extended; Time for a Pause



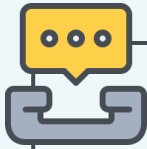
Source: FactSet, Raymond James Ltd.

Top Shorted US Stocks

Ticker	Name	GICS Sector Name	Short Interest as % of Shares Out	1-mth Return (%)
BBBY	Bed Bath & Beyond Inc.	Consumer Discretionary	62.8	98.2
GSX	GSX Techedu, Inc. ADR Class A	Consumer Discretionary	41.9	90.8
GME	GameStop Corp. Class A	Consumer Discretionary	109.2	634.4
TMBR	Timber Pharmaceuticals Inc	Health Care	969.4	90.9
CLVS	Clovis Oncology, Inc.	Health Care	41.6	68.2
LGND	Ligand Pharmaceuticals Incorporated	Health Care	61.6	47.9
CVAC	CureVac N.V.	Health Care	105.3	-2.9
FUBO	fuboTV Inc.	Information Technology	71.2	-0.6
MAC	Macerich Company	Real Estate	53.9	78.5
SKT	Tanger Factory Outlet Centers, Inc.	Real Estate	47.9	54.7
	Average		156.5	116.0

Source: FactSet, Raymond James Ltd.

Attend Our Free Events & Presentations



Have you joined us yet for Cindy's LIVE ZOOMINARS!?

Cindy will be hosting video webinars speaking on market and branch updates.

Back to the Basics: Part 2 & 3

Pay Off Your Mortgage Smarter

Women's Only Events

Understanding Wills, Probate & Estates:
Have You Prepared For Your Family?

The Role of an Executor: Your Obligations
& Risk of Personal Liabilities

Stay up to date by visiting our website:
www.cindybourypwm.ca

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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/



Abbotsford Cyrus Centre Donation

(Above) Margaret and Cindy from the team donated to the Cyrus Centre in connection with the Raymond James Canada Foundation. The Centre supports our community's youth who are fleeing abuse, homeless, experiencing poverty, exploitation and/or drugs.



Abbotsford Royal Canadian Legion

(Above) Cindy was thrilled to present her annual donation this Remembrance Day. The funds they raise work towards assisting any person who is serving or has served in the Canadian Forces, treatment of PTSD in veterans and initiatives to stop homelessness. (left to right: Cindy Boury, Kelly Watson (1st Vice President)).

We Hope You Had a "Merry Mousemas" & Happy Holidays!

(Right) This photo is the front of our Christmas card we sent out this year to our clients and friends, hand painted by Sheryl Boury in our office. We had so much fun creating this card, and we hope you enjoyed it as much as we did!



It's That Time Of Year Again... For Your TFSA and RRSP Contributions!

If you would like a copy of our TFSA (tax-free savings account) or RRSP (registered retirement savings plan) informational handout for 2021 emailed or mailed to you, please contact us and we would be happy to send you one!

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