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

CINDY BOURY PRIVATE WEALTH MANAGEMENT

NEWSLETTER: FIRST QUARTER 2023

Cindy's Insight

Happy New Year! This last year was full of successes, hellos and goodbyes. It will be remembered as a special one for me as I welcomed my first grandchildren!

In 2022, I had the pleasure of attending the Raymond James National Conference, as well as the Portfolio Manager Symposium, where I sat on a panel and shared the practical experience I've gained in my 25 years of business. At the Women's Symposium in Tampa Bay, I received the Woman of Distinction Award. It was an amazing experience and I happily shared this honour with my whole team.

We bid farewell to Margaret as she retired, and welcomed Lindy Arnot to the team. We also said goodbye to one of our beloved office dogs, Olivia (a.k.a. Chumpy), who passed away at the end of the year.

My mother-in-law, Lou, passed away just before Christmas. She lived to the age of 96 and was active to the end of her life. Her passing reminded me of the importance of estate planning. I sit on the Estate Planning Council of Canada and understand that all families have differences of opinion, so estate work can be difficult. However, it is important work in terms of leaving a legacy and helping those you leave behind. If you haven't completed your estate work or feel unsure of how to move forward, reach out to us and we can offer help and guidance.

Overview of the Markets

While inflation is slowly coming under control, there is more to come with interest rate increases. Canada is expected to increase rates between 0.5 and one per cent this year. I expect volatility in the first half of the year with things settling down in the second half. The long-term forecast may be a four to five per cent interest rate increase.

Stagflation, where there is no economic growth, is a concern. This often happens in a recession as there are no jobs being created as companies stagnate in their growth and are not borrowing to grow. A global recession means interest rates will be higher, jobs will be less plentiful, and for those who do not pay down debit or credit cards, it may become difficult to keep up.

You may have heard about the current inverted yield curve. This means a one-year GIC may pay you a higher amount than a five-year GIC or bond. The reason may be that interest rates are not expected to stay high for a long time.

In the markets, we see bonds at five per cent. Companies are paying you dividends with less tax than bonds and I have several preferred value companies that we have added to the portfolios. I have changed my asset allocation in the portfolios by five per cent. This means you will have five per cent more bonds or savings since these rates add value to the portfolios. The balance between stocks and bonds is important. As we get older, and if you have "lazy money", consider building a savings investment. Savings can pay over four per cent and will increase as interest rates increase.

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Inside This Issue

FINANCIAL TIPS

Reminder...

RRSP annual contribution deadline for the 2022 taxation year is **March 1, 2023**.

TFSA annual contribution limit for 2023 is **$6,500**. Cumulative room is $88,000.

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The U.S. was down 24.24 per cent last year (see chart, right). This month we fully rebalanced the models and portfolios. We took profit from some companies, used accumulated savings, and added to other undervalued equity assets.

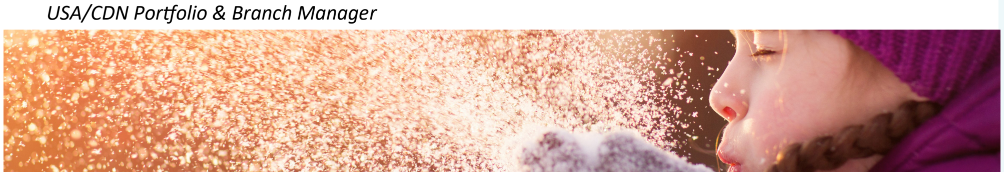
		Total Return (%)				
U.S. Equity	**Index Level**	**1 Week**	**MTD**	**QTD**	**YTD**	**1 Year**
S&P 500	3,973	(0.65)	3.55	3.55	3.55	(9.90)
DJIA	33,375	(2.66)	0.78	0.78	0.78	(1.83)
NASDAQ	11,140	0.55	6.47	6.47	6.47	(20.62)
Russell 1000		(0.58)	3.82	3.82	3.82	(10.32)
Russell 1000 Value		(1.47)	2.94	2.94	2.94	(2.57)
Russell 1000 Growth		0.38	4.77	4.77	4.77	(17.53)
Russell Mid Cap		(0.78)	4.83	4.83	4.83	(6.02)
Russell Mid Cap Value		(1.17)	4.61	4.61	4.61	(3.65)
Russell Mid Cap Growth		(0.05)	5.25	5.25	5.25	(10.70)
Russell 2000		(1.04)	6.06	6.06	6.06	(6.41)
Russell 2000 Value		(1.10)	5.70	5.70	5.70	(4.24)
Russell 2000 Growth		(0.98)	6.42	6.42	6.42	(8.83)
Russell 3000		(0.61)	3.96	3.96	3.96	(10.09)
DJ US Select Dividend		(1.78)	1.80	1.80	1.80	3.34
S&P 500 Dividend Arist.		(2.19)	1.51	1.51	1.51	(1.11)

Source: Morningstar; Data as of January 20, 2023

I will be buying for you when others are likely taking cash. GICs pay interest and if taken personally, are taxable. If a GIC pays five per cent and you are in a 30 per cent tax bracket, your take home is 3.5 per cent. If inflation is six per cent, your purchasing power has been eroded. If you buy companies they will grow and will outperform GICs over time.

With the new year underway, it's a good time to give thought to the question: Am I an investor or am I a saver? As always, we are here to find the best balance for you.

Cindy Boury FMA, CIM®, FCSI®
USA/CDN Portfolio & Branch Manager



Q: Why Do I Need Insurance?

A: This is the question I am asked most often by clients. Understanding what insurance is best for you, and how it can help in the event of a sudden death, critical illness or disability, goes a long way in reducing anxiety both now and during difficult times. It can be hard to imagine a time when you or your loved ones may need insurance, just as it can be difficult to create a will, but accidents and illness can and do happen. Managing your risk with an insurance plan that fits your needs for a premium you can afford can set your mind at ease.

Life insurance provides financial protection and peace of mind should you die unexpectedly. The death benefit can be used to pay down debt, replace income or help with whatever your family needs. Disability insurance provides you with financial security by replacing a portion of your income when you are unable to work because of an illness or accident. And, critical illness insurance provides funds should you suffer from one of the covered critical illnesses and satisfy the waiting period. You can use the funds to pay for alternative treatments or to plan a trip to spend quality time with family and friends.

I'm committed to finding the best insurance for your needs and am always happy to answer any questions you may have.

Florenza Jones
Insurance Representative

2022—The Year of the Curve Ball

2022 Curve Balls: 40-year High Inflation, the Russian Invasion of Ukraine, Zero-COVID in China, a Hawkish BoC, etc.

To state the obvious, the upbeat narrative at the beginning of 2022 for the Canadian economy changed quite meaningfully as the year progressed to a more cautious one. Economic and market fundamentals all continued to weaken into year-end, as the many unexpected curve balls became unavoidable and weighed on the Canadian economy/markets and consumers. Inflation was initially viewed as transitory or temporary, largely a function of the reopening process and something that would not require much by way of intervention by policymakers. However, the sheer magnitude of stimulus, the uneven access to vaccines and the reopening policies globally sent inflation here in Canada soaring to levels not seen in 40+ years. This was further complicated by the Russian invasion of Ukraine and the global sanctions that followed, along with the continuation of zero-COVID policies in China.

Together, these factors exacerbated existing inflationary impulses and sent Canadian headline and core consumer price indices (CPI) soaring to record highs and rising by 8.1 per cent and 5.5 per cent YoY in June and July, respectively. What started off as expectations for gradual increases in policy rates by the Bank of Canada (BoC) quickly evolved into abrupt and rapid increases in rates as inflation broadened out across the CPI basket and soared to new highs.

Additionally, in 2022, investors saw overnight interest rates rise at the fastest pace on record from 0.25 per cent to 4.25 per cent in a matter of only 10 months. Moreover, pandemic-related assistance programs quickly came to a close, while the BoC began unwinding its balance sheet of bonds and simultaneously raising rates – something not done at any time in the past 20+ years.

The many uncertainties and curve balls of 2022 created a tremendous level of worry for investors and wreaked havoc on Canadian consumer sentiment. The Bloomberg Nanos Canadian Confidence Index – a weekly measure of Canadians' economic mood on the strength of the economy, job security, real estate and one's personal financial situation – has since collapsed to recession lows after hitting an all-time high in 2021.

While a measure of consumer sentiment is a helpful gauge of Canadians' feelings about several issues, the reality of all this was that the deteriorating sentiment was a rather accurate reflection of the many curve balls impacting the real economy and causing it to slow aggressively. The most material contributor to the economic slowdown was the sheer pace and magnitude of policy tightening that took place in 2022. Real GDP growth in 2021 soared to an unsustainable and highly inflationary level of growth of 5.0 per cent YoY, however, it is now expected to grow at a much slower pace in 2022 by 3.5 per cent and show no growth in 2023. This is a dramatic fall from peak levels as the pendulum swings aggressively from one extreme to another. Not surprisingly though, with all that has transpired in 2022, investors are now expecting a recession in 2023, the probability of which has risen to 65 per cent for a potential recession over the next 12 months.

These rather abrupt changes in the economic/market climate have equated to a much more difficult investing backdrop, which was plagued by higher levels of uncertainty. The commonly watched volatility gauge (e.g., the MOVE Index) seesawed quite violently throughout much of the year.

Complicating matters further for investors in 2022 was the fact that both Canadian equities as well as bonds and even commodities offered lower diversification benefits than in times past.

Raising Your Batting Average for 2023

As we have noted since the beginning of the year, investing is less of an art and more of a science. It takes a high degree of due diligence to identify good quality businesses and even more rigour to determine a fair value to pay for these businesses – the easy gains as we have said are so 2021 – i.e., behind us. Additionally, we suggest investors try to focus on "places to invest" – i.e. owning securities that can help investors reach their investment goals and are fairly/attractively priced rather than following the fear gauge in one's gut, only to invest in securities that won't go down over the short-term no matter the price - we regard these investments as "places to hide". In our view, searching for "places to hide" is highly inconsistent with the main premise of investing and generating long-term wealth, so avoid this practice at all costs, where possible. For the S&P/TSX Composite index, we see good value for the index as the broad market is trading at 12.3x next 12 months earnings versus the 20-year median of 14.6x. More specifically, at the sector level, we see good relative value/lower risks for the Energy, Materials (e.g., golds), Real Estate, and Consumer Staples sectors, however, we see further downside risks either from valuation compression or from earning revisions for the Information Technology, Industrials, and Utilities sectors. Fed recently adopted a more hawkish position to address inflation concerns. It announced the tapering of its quantitative easing program would be sped up and rate hikes may begin sooner than previously targeted. Projections via the dot plot now show that 75 basis points (bps), through three quarter-point rate hikes, could be added to the overnight rate in 2022, versus prior expectations for only one rate hike in the year. This shift in approach could be explained by the higher risk that inflation is posing to the US economy. The Fed acknowledged that COVID-19 related risks remain, and would be prepared to adjust their stance if needed.

Canada Economic & Market Indicators Weakened In 2022

Indicator Name	Q1 2022	Q2 2022	Q3 2022	Q4 2022 E
S&P/TSX Index 2022 Price Target (Consensus)	21890.16	18861.36	18444.22	19485.89
GDP growth (% y/y)	3.20	4.70	3.90	2.20
Consumer spending growth (% y/y)	5.20	8.20	2.90	2.40
Investment growth (% y/y)	0.20	-1.70	0.50	-1.80
Government consumption growth (% y/y)	2.20	0.90	1.60	1.30
Exports of goods and services growth (% y/y)	-2.60	4.70	6.00	3.60
Imports of goods and services growth (% y/y)	4.10	10.90	11.40	4.70
Unemployment rate (%)	5.80	5.10	5.20	5.30
Employment growth (% y/y)	4.70	5.00	3.00	1.70
Headline Inflation (% y/y)	5.80	7.50	7.20	6.50
Policy interest rate (%)	0.50	1.50	3.25	4.25
PMI*	74.20	62.20	59.50	51.40
CAD/USD (CAD per USD)*	1.25	1.29	1.37	1.36
WTI Oil Price ($/bbl)*	100.53	107.76	79.91	80.48

Source: Capital Economics: Raymond James Ltd.; Q4 Estimates are as of December 20, 2022,; *PMI, CAD/USD and WTI Oil Price are actual data as of December 20, 2022.

Final Thoughts for Investors

For long-term oriented investors, we suggest to: 1) Stay invested and well diversified across/within asset classes including equities and bonds; 2) Ignore the headlines; 3) Stick to your investment plan; 4) Capitalize on mis-pricing/bargains in the marketplace across asset classes; and 5) Remain selective and focus on allocating capital to securities that offer compelling risk/reward profiles with a high margin of safety.

- Excerpt from article by the Private Client Services team (PCS) of Raymond James Ltd.

New in 2023

Trade Disposition Summaries Delivered Beginning of April 2023

All clients will receive their Trade Disposition Summary at the beginning of April 2023. This summary displays the capital gains and losses realized in an account for the 2022 year.

Thank you to all survey respondents!

We would like to sincerely thank all those who took the time to answer our client survey. Your comments, suggestions, and areas of interest help us serve you better!

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

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/

Margaret's Farewell

(Left) We said farewell to Margaret in November as she heads off into retirement. Margaret plans to spend more time doing the things she loves, like spending time with her family, playing music, including keyboard, drums and guitar, and riding her new electric bicycle!

Thank you for all your work and dedication, Margaret! We wish you all the best.

Cindy is Featured in Investment Executive News

(Right) Cindy was featured in the December 2022 issue of Investment Executive, where she shares her inspiring story on blazing a trail as branch and portfolio manager. She also talks about her family model approach, with her focus on serving different generations of the same family, as well as including her own daughters in the future of the company.

[Click here to read the full article.]() Or, contact us to request a printed copy.

IE INVESTMENT EXECUTIVE

CANADA'S NEWS SOURCE FOR FINANCIAL PROFESSIONALS

Award-winning advisor takes a "family model" approach

Cindy Boury didn't like the way her financial advisor spoke to her 25 years ago. Now she runs her own Raymond James branch

"If we can help one couple, there's a good chance we can help their adult children or aging parents"

We Hope You Had a Wonderful Holiday Season!

We hope you were able to enjoy the best of the season and wish you happiness and health in 2023.

Cindy enjoyed the first Christmas for both her new grandsons! Pictured here is the next generation at Cindy Boury Private Wealth Management: Sheryl with baby Hayden, Susan with baby Casey, and Cindy with Georgia!

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