

# NEWSLETTER: THIRD QUARTER 2022

## Cindy's Insight

In the midst of summer, it's nice to kick back and relax. I hope you're able to enjoy the sunshine and surround yourself with family and friends. I know at the back of many of our clients' minds can be concern about the state of the economy and worry about recession and what this means to them.

### Are we in a recession?

There is a great deal of talk in the news about the economy with the word recession being tossed around a fair bit. Based on my readings, knowledge of the economic cycle, and insights from industry experts, I believe we are not currently in a recession, here's why:

There are a few key factors that point to economic recessions, 1) Labor market conditions, 2) State of manufacturing, and 3) Lending standards.

### What about inflation?

Increases in gas, grocery and rental prices have risen faster than earnings can match, however, savings, wage growth and job creation can offset this. The supply chain issue we have been seeing will likely start to ease in the near future as backlogs are filled and delivery times decrease, which will also ease costs. The Chief investment Officer at Raymond James, Lawrence Adams, sees inflation normalizing this year and giving "the Fed flexibility in tightening monetary policy, increase consumer confidence and support corporate margins and earnings." A gift in disguise.

### 2022: Decelerating Inflationary Environment



Source: FactSet; Data as of 3/31/2022.

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### ADVISOR TALK

Cindy holds the Chartered Investment Manager (CIM®) designation. These advisors are qualified to evaluate and manage all aspects of a client's investment portfolio, including sophisticated cases.

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I've been in this business a long time and have seen the ups and downs of the economic cycle. It's nothing new and will happen again. My strategy has always been to be defensive on the portfolios so your investments are protected during the challenging times and benefit from growth in the good times. As investors, it's important to not let emotions rule our decisions and to take a big-picture view of economic downturns and upswings.

As always, if you are worried or would like more information about your portfolio, we are always here to support you and chat.

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



## Life Insurance FAQs

**Q:** "Is it worth getting mortgage insurance?"

**A:** Mortgage insurance is not owned by you, and the lender is the beneficiary. Lenders often require you to requalify for mortgage insurance when you refinance your mortgage. Plus, the value of your mortgage insurance decreases as you pay down the mortgage, while the cost remains the same throughout the term of the mortgage.

With term life insurance, on the other hand, you own your policy and name the beneficiary. Only you can cancel or make changes to the policy. Term life insurance premiums are guaranteed for the term of the policy, and the amount you are insured for does not change or decrease over time.

While these are significant differences, one of the most important is the freedom of choice term life insurance provides. It gives the survivor choice to use the funds to suit the family's needs. The funds are paid directly to the beneficiary, and provide choices and options that mortgage insurance does not.

Talk to us before you sign up for mortgage insurance. There could be much better solutions for you and your family.

Florenza Jones  
Insurance Representative



## No Pressure, No Diamonds

In the 1953 film *Gentlemen Prefer Blondes*, Marilyn Monroe sang it best, "...but square-cut or pear-shaped, these rocks don't lose their shape, diamonds are a girl's best friend". Since then, men and women alike have been splurging on jewellery with diamonds to celebrate everything from engagements and weddings to birthdays and so much more. However, while many appreciate the beauty of a flawless diamond, few truly understand the extreme pressures required to create such diamonds in nature. To keep it simple, diamonds are formed hundreds of miles below the earth's surface in the mantle, where temperatures can reach as high as 3700° Celsius (or 6692° Fahrenheit). It is here where carbon atoms bond together to form crystals, which over the course of many hundreds and even thousands of years, grow into the transparent, beautiful diamonds which many of us gift to our loved ones each year. While these extreme pressures are absolutely necessary to create diamonds (which as a reminder, is the hardest natural material on earth), this process is quite similar to what is necessary when it comes to investing and especially as it relates to building diamond-like investment portfolios (i.e., high pressure + long-term time horizon).

And while it may be difficult for many of us to see the bigger picture and maintain a long-term investment perspective given the volatile start to the year, which we acknowledge is especially difficult when the news flow is dominated by a long list of worrisome headlines (e.g., calls for an imminent recession/hard-landing, job losses, market collapse, etc.), we remind investors, that some of the most beautiful and flawless diamonds on earth were formed under very extreme pressures and over very long periods of time!

In comparison and as we demonstrate below, the S&P/TSX index over the very long-term (i.e., since the 1980s) has

# MARKET ECONOMIC UPDATE

managed to generate returns of ~9.5% per year on average, despite facing many volatile/high pressure years since then.

## An Evolving Wall of Worries...

While it may be tempting to avoid all periods of volatility/sharp sell-offs in the market cycle by selling when the going gets tough and re-entering when things improve, we remind investors that this strategy of “timing the market” has proven to be rather difficult for even the smartest and most experienced minds to execute effectively. Moreover, we believe a more prudent strategy is to stay invested and seek out opportunities to buy at more attractive valuations – historically this has been a much better strategy to deploy for investors over the long-term. For example, excluding the impacts of buying low amid market sell-offs, which many astute investors typically do, both the S&P 500 and the S&P/TSX indices have generated total returns of ~7.0%, on an annualized basis over the past ~20 years.

We also remind investors that this 20-year period was not all “sunshine and rainbows”. Rather, it consisted of the

Dot-com bubble and subsequent burst, the 9/11 terrorist attacks, the 2007-2008 financial crisis, plus the deep recession which followed, the annexation of Crimea in 2014, and more recently, the COVID-19 pandemic and the Russian invasion of Ukraine. While the outlook remains unclear today, we continue to suggest investors ignore the noise and utilize periods of volatility, including periods of heightened uncertainty, to add to their portfolios. Maintaining well diversified portfolios can also help to minimize the drawdowns in portfolios during periods of heightened volatility.

## Final Thoughts for Investors

Remain selective and stay invested! And also remember:

- It pays to stay invested - avoid the temptations to time the market; it is a losing proposition for even the smartest and brightest minds.
- Ignore the headlines/noise and remember to be “fearful when others are greedy and greedy when others are fearful”.
- Stay rational when markets/investors appear to be behaving

irrationally (i.e., buy-low vs. selling-low).

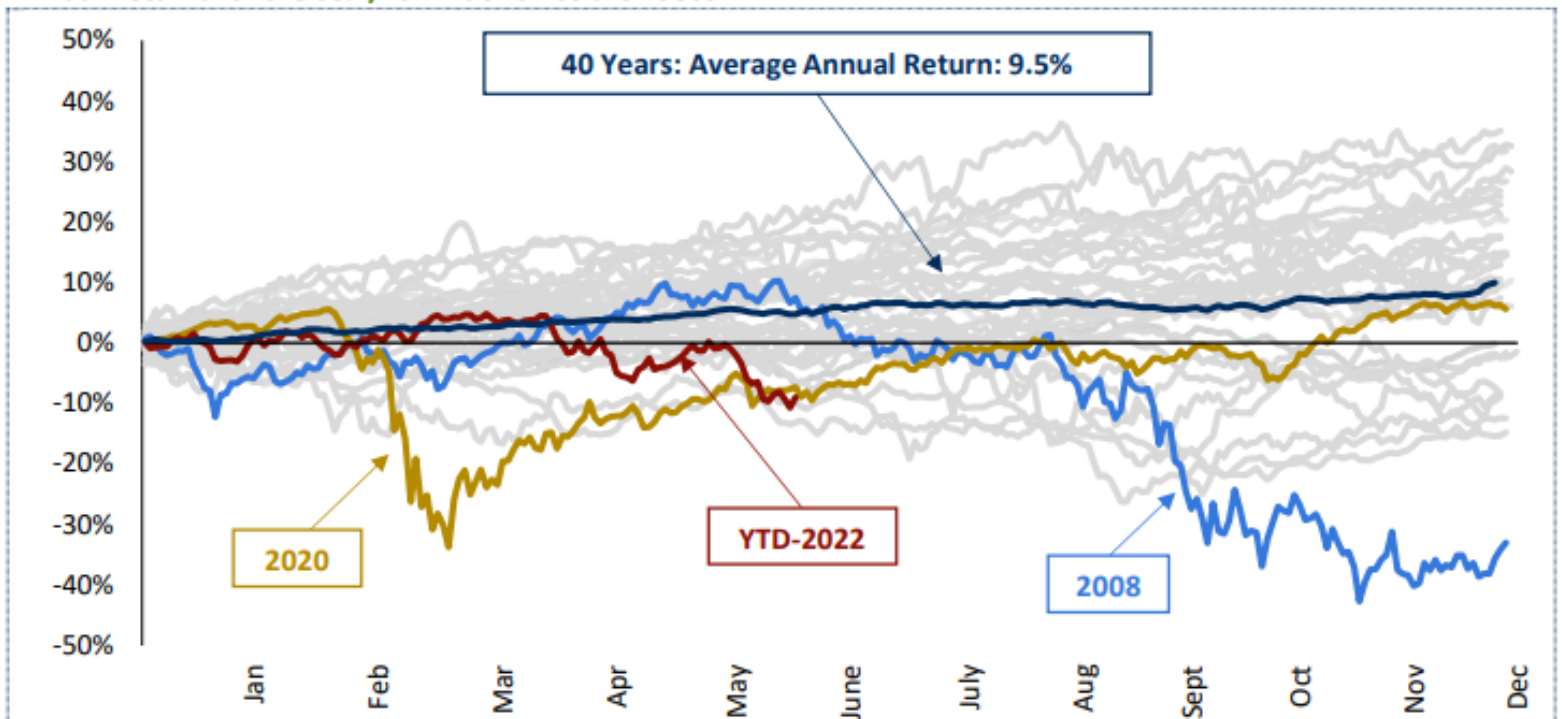
- Ignore your emotional tendencies and stick to your long-term plan; otherwise, you may end up buying-high and selling-low.
- Volatility/market sell-offs should be expected and are normal even during broader bull market cycles!
- Diversification + asset allocation = 😊

Nadeem Kassam MBA, CFA

Head of Investment Strategy, Raymond James Ltd.



## Annual Returns for the S&P/TSX Index since the 1980s



Source: FactSet; Raymond James Ltd.; Data as of June 24, 2022.



## Attend Our Free Events & Presentations



Keep an eye out for Cindy's new educational video series.

These short insightful videos will be uploaded to our website when complete. Watch for invite emails or give us a call for more info.

[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:  
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### Cindy Receives Award for IFS Work

We had the pleasure of a visit from Davida McNicol, SVP, National Director, IFS at Raymond James, to our/my office. Davida presented Cindy with this beautiful picture entitled 4 Phases of the Moon in thanks for her work and efforts to create and direct the IFS (Independent Financial Services) Committee for independent advisors. This group was organized to establish a profile for the independent platform within Raymond James.



### RJ 5K 4 Kids Event

We were proud to support the second annual Raymond James 5K 4 Kids virtual fundraiser in support of Little Warriors and Drug Free Kids Canada. The youngest members of our RJ family got involved with a bottle drive to raise funds. Jenny Donegan from our team ran the 5K with her sons, Leo and Elliott.



### Beautiful Birthday Cards

The latest birthday cards for our clients and friends were once again created by our talented Business Development Specialist, Sheryl Boury. Hand drawn and coloured by Sheryl, these cards have become quite the collectors item.



### Abbotsford Cyrus Centre Donation

Cindy and Margaret donated to the Abbotsford Cyrus Centre, both individually as well as in partnership with the Raymond James Memorial Fund. The Cyrus Centre does important work in our community by providing a safe place for homeless or exploited youth.

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