



# NEWSLETTER: THIRD QUARTER 2018

## CINDY'S INSIGHT

Change can be difficult but in order to stay current, change is mandatory. That is certainly true in the investment business and many of the changes we see are good for the investing public.

For example, starting in October 2019 advisors will no longer be able to purchase mutual funds for the public using deferred sales charge or low load commission structures. What this will do, is create a different environment for many advisors as well as investors. As you are aware, we do not place money for our clients in this way and have been managing on a fee for service basis for years. It is in your best interest to have lower costs and transparency on billing. High costs such as those often associated with deferred sales charge or low load can reduce the overall returns.

If your asset allocation is not accurate this also will make a huge impact on your returns. Asset allocation involves dividing investments among different asset categories such as stocks, bonds, and cash. Usually the higher the bond position the safer the investment. As interest rates are poised to increase over the next several years, generally speaking, bonds should have a shorter time line and a smaller weighting in your asset allocation as interest rate increases may reduce the value of bonds.

We are investors, not speculators who are very different. The stock market is an environment that you will never control but you can respect it. Don't believe everything you hear on TV or in the news. Don't get caught up in the short term issues and noise. Remember the economic cycle? The U.S. market is mature but there is upside for U.S. stock as well as other countries. As mid-term elections in the U.S. come up in November things will become very interesting as we get close to this date. Expect some volatility and a lot of rhetoric as we get closer.

As changes continue in my industry, we must stay current. One thing that will not change is our service to you. Our service is top line. Our role as wealth advisors includes anything and everything pertaining to your wealth. From financial planning, all different types of insurance, money management, including discretionary and transactional trading as well as any other unique situation or investments you may have.

### Cindy is now LICENSED in the USA

Recently I've become licensed in the United States. I can now help Canadian and U.S. residents who have cross border investment challenges. Canadian clients who have IRAs, whether Roth IRA or regular, in the United States and are unsure of how to manage this may be helped by my new accreditation. U.S. estate management is also a cross border issue and as many people in our area have cross border investments and family in the U.S. we are now able to be of service in this area. We can also help family or friends that reside anywhere in the USA.

### Our Service to You

Our true commitment to you is our service. We not only enjoy you as our clients, but we have your best interest at heart. As a team we often...(continued on pg. 2)



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ADVISOR TALK

“ Are you **buying GICs** at the bank? Call us to compare rates! We offer rates from 20 different issuers. Terms range from 1 to 5 years. ”

- *Florenza Jones*

All our issuers are CDIC members or covered by CUDIC.

CINDYBOURY | RAYMOND JAMES

(continued from pg. 1)...discuss our top goal, which is to give you a great experience and the service you should expect to receive. Recently I had an “Ah-ha” moment. One of my longest term clients, now retired and enjoying this new stage of life, mentioned how much help we’ve been to them over the years. When I asked, “Do you think you would be retired today if you did it on your own?” They were very clear with a loud “No.”



I believe there are a number of ways to be successful. We all take different paths through life, and when you use a wealth coach you can work through challenges and stay on track to reach your goals.

I keep going back to the planning as so much is based on your goals, taxes, cash flow, family concerns, as well as overall life and estate management. Strategies for your investments, insurance and goal

setting are of utmost importance, however what the planning aspect does, is makes you really think about what you truly want, where you are going and how you are getting there.

***“Wealth management is a high level professional service that combines financial and investment advice, services, and planning for one set fee.”***

As the owner of Cindy Boury Private Wealth Management, I am truly thankful not only for you as our clients but for my team. Having like minds working together builds an environment of trust, quality and happiness. Life balance is the key to a happy life. There are lots of people who need our help!

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

## THE UNLUCKIEST INVESTOR IN THE WORLD

A recent email from one of our clients got me thinking about the strategy of averaging down, or investing money into positions that have fallen in price since the initial investment. So I thought I’d share the rationale behind averaging down as well as a story of another client who I’m calling, with a bit of hyperbole, “the unluckiest investor in the world.”

In this case our client was asking why we would buy more shares in Cineplex after the price of the shares had declined by over 40% in the previous year. He rightly asked if we were just “throwing good money after bad”. I certainly understood his frustration as I had initially bought Cineplex shares at \$51.52 per share in my own accounts. While it’s not easy to do, I bought more shares at \$31.92 and again at \$29.36 for myself. Why?

The starting point is that we don’t really view Cineplex or any of the other investments as “stocks”. We think of them as businesses. We think we have a pretty good handle on the businesses we invest in and rely on a variety of analysis to tell us when it is a good time to buy more shares in those companies.

## LIFE INSURANCE FAQs

Each newsletter, join us as Florenza Jones, our in-office insurance specialist answers frequently asked questions about life insurance.

**Q:** I’m retiring and am worried about not having medical and dental coverage. What type of health benefit plans should I look at getting? Would some be better suited than others?”

**A:** Many group plans offer retirees the option of rolling over their group plan to an individual plan. Before making that decision let us send you a Manulife Follow me quote. It’s important to review the benefits offered in each plan to ensure you and your family find a comprehensive health and dental plan when your employment and group benefits end. For guaranteed acceptance without a medical questionnaire or exam, you must apply within 60 days of the group benefits ending. There are a variety plans available depending on your needs and budget. If you would like more information, give me a call! (604) 855-0654.

Florenza Jones  
Insurance Representative



# MARKET ECONOMIC UPDATE

The main reason we average down is to reduce the cost per share so there is a much smaller gap to close before we're in a gain position. That was true for me as I brought my average cost per share down from \$51.52 to \$41.08. Another reason to average down is to increase the dividend yield on cost. In my case the dividend of \$1.74 per share per year goes from 3.38% to 4.24%. So now I'll wait while getting paid a nice dividend every three months. I may buy more shares in the future to keep closing the cost versus market price gap but the main reason we bought more Cineplex for ourselves and our clients is that we do believe in the growth potential of this company over the next number of years.

So what happened to the unluckiest investor in the world? Unfortunately, he purchased shares of Valeant Pharmaceuticals\* at an initial cost of \$300.00 per share. You can imagine how he felt when the stock touched \$11.58 per share in April of 2017. The chart below traces Valeant's share price over the past three years.

When we first looked at the situation we

noticed that he had added shares at \$128.00 and \$102.54. So he had reduced his average cost to \$165.35 per share. We looked at the company and followed their progress on turning it around. In November 2017 we added to his position at \$18.68 and then bought more at \$19.82 in March of this year. Today, his average cost is \$41.82 and the market price is \$30.60. We still have a way to go and we would not recommend Valeant as an investment, but the unluckiest investor in the world is now down 27% instead of 81.5% which is where he would be had he done nothing.

In our portfolios, we have a few other companies whose share prices are down from where we initially purchased them, but again, we think we understand these businesses and have continued to buy more. Since the start of June 2018 we have added to Enbridge Inc. at an average cost of \$42.42 per share. A recent ruling regarding their line 3 expansion has moved the stock back up to \$47 at the time of writing. In June we added to positions in General Electric at an average Canadian equivalent cost of

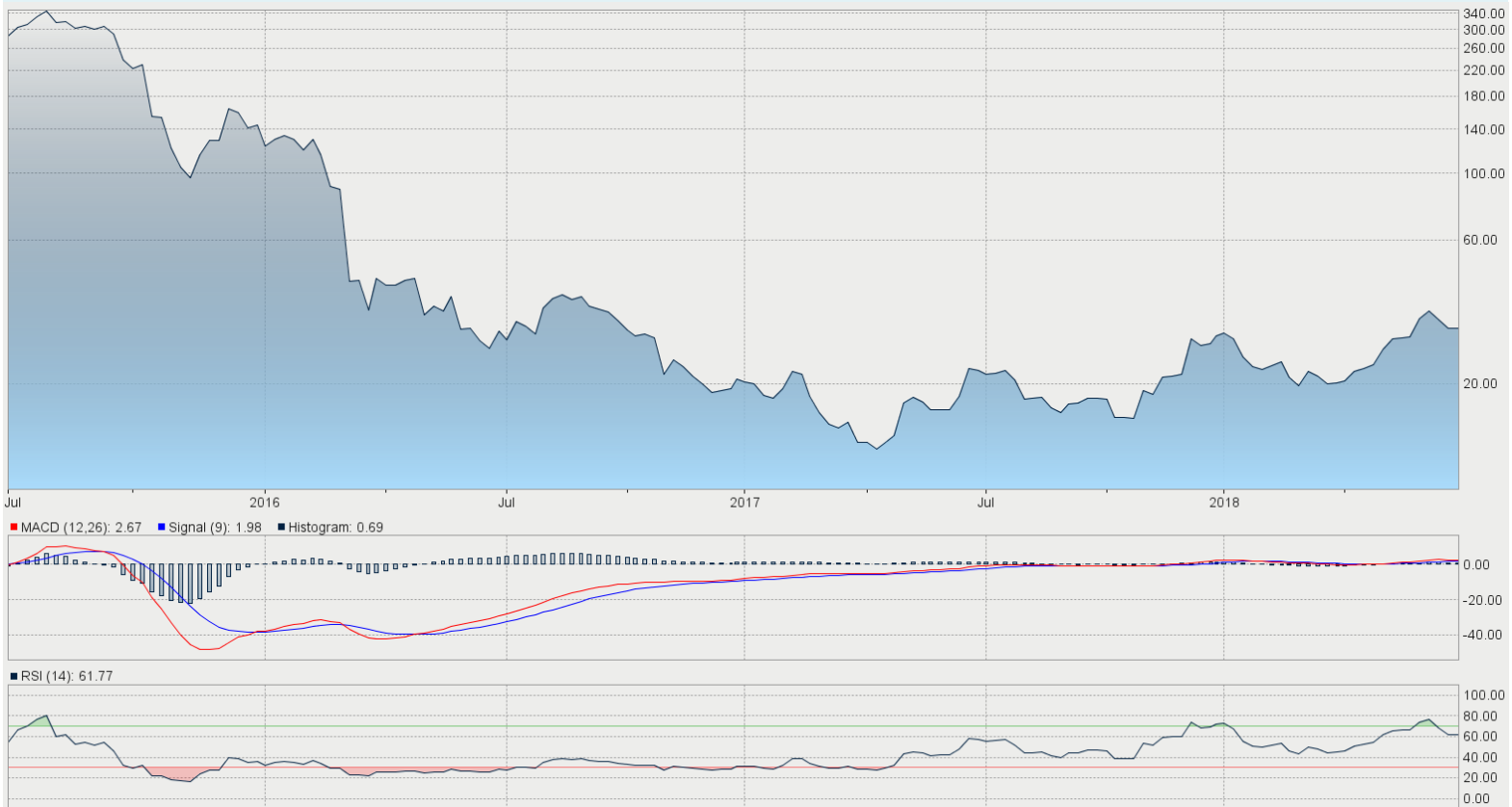
\$14.65. The stock is now roughly \$17.65. Given their progress on restructuring the company and the high potential growth of many of their businesses, we will continue to patiently add to positions with confidence.

We've observed over the years that "buying low" can be very difficult because it means we have to take the leap of faith on something that has not been rewarding. We've also observed that buying low is the requisite first step in order to "sell high". Averaging down is a disciplined strategy that can maximize gains if it is executed consistently with high quality investments. So we'll continue to do that for our clients and for our personal investments when we feel confident in the financial security of the business we're investing in.

Thanks to our friend who asks us hard questions and to the "unluckiest investor in the world" for staying disciplined in his strategy.

Martin Chambers CIM®  
Trading and Research Specialist

\*Now Bausch Health Companies





## The Raymond James National Administration Conference (NAC)

(Below) Sheryl and Susan from the Cindy Boury Private Wealth Management team attended the three day National Administration Conference (NAC) in Vancouver. This included educational sessions, presentations of new Raymond James policies and software tools, networking events, keynote speaker Dr. Shimi Kang and a tour of the Raymond James head office.



### Educational Presentation: "Interest Rate Increases: How Much Higher? How Much Longer?"

(Above) That's a wrap! This presentation featured guest speaker, Brian Carney, from Canso Investment Counsel who addressed this timely topic and answered questions from the perspective of an institutional fixed-income manager. Canso is a highly respected Canadian investment management firm with a particular expertise in bonds and fixed-income.

## ATTEND OUR FREE BOARDROOM PRESENTATIONS

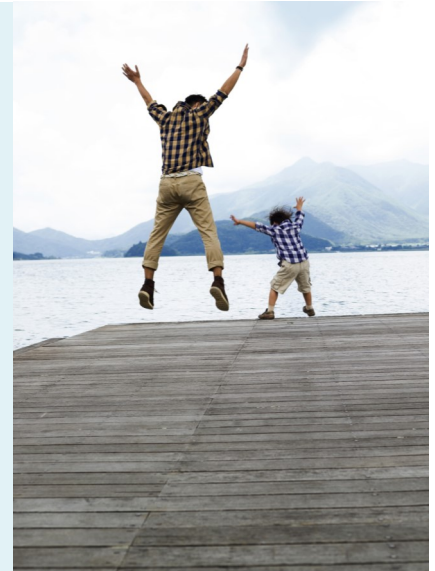
Thank you to all who attended our recent session, "Cryptocurrency and Blockchain... Should I Invest in Them!?" We examined how they work, the effects they have on us and the investment aspects. Due to positive feedback, we will be launching new presentations and topics soon!

### Upcoming Events:

- Back to the Basics: Part 2 & 3
- Pay Off Your Mortgage Smarter
- Understanding Economics to Become a Successful Investor
- What is an RDSP? How Can it Help?

*"We would love to meet your friends and family! If they aren't sure how to begin, invite them to a presentation. Then they can meet us and also learn something of value!" - Cindy Boury*

Stay up to date on events by visiting our website: [www.cindybourypwm.ca](http://www.cindybourypwm.ca)



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