

NEWSLETTER: FOURTH QUARTER 2019

Cindy's Insight

Welcome to the fall newsletter,

I hope everyone had a nice Thanksgiving with family and friends. It is a wonderful time to reflect on those who are no longer with us and to be thankful for those who are still here with us.

My writing this month is about portfolio changes.

Over the next few months you may notice some adjustments to your portfolio. You may not even notice the changes, but as we go forward we will be managing the portfolio with a focus on taxes, withdrawal and design.

For example; you have a RRIF which you take money out twice a year; you have a TFSA which you are adding to each year and a cash account which you are also taking some cash flow from.

In this scenario, we would have more bonds in the RRIF because they are perfect to liquidate for withdrawals and interest is tax smart inside the RRSP or RRIF. The TFSA would have a growth focus for more risk as this is for long term investment and the cash account may be a combination of tax efficient preferred shares and equity. If we push all the accounts together they have the correct amount of stocks vs fixed income or – your asset allocation. I call this, the sum of all. The sum of all of your accounts are appropriate for your risk. We made adjustments to the profile of each account based on the use of it. Each person may have a different scenario and the design will be tailor-made for each client.

When we review the accounts we will review each one individually and all together as one. So like family at Thanksgiving the sum of all can be a wonderful thing.

Cindy Boury FMA, CIM®, FCSI®

Portfolio & Branch Manager



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Recipe Corner

Cinnamon Sugar Apple Cake

This simple apple cake is light and fluffy, loaded with fresh apples, and topped with a crunchy cinnamon sugar layer!

Prep Time: 15 minutes | **Cook Time:** 45 mins

Ingredients:

Apple Cake:

- | | |
|------------------------|--|
| 1 1/2 cups brown sugar | 1 cup buttermilk (or 1 cup milk + 1
tablespoon white vinegar) |
| 1/3 cup oil | 1 teaspoon vanilla |
| 1 egg | 1 teaspoon baking soda |
| | 2 1/2 cups flour |
| | 2 1/2 cups chopped apples |

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ADVISOR TALK

“ 51% of
Canadians do not
have a will.

...and most who do, have
not updated it!

- Cindy Boury ”

CINDY BOURY PRIVATE WEALTH MANAGEMENT | RAYMOND JAMES

Ingredients continued...

Cinnamon Sugar Topping:

- 1/2 cup sugar
- 1 teaspoon cinnamon
- 1 tablespoon butter, melted

Steps

- 1 Preheat oven to 325 degrees.
- 2 Mix ingredients in order given, stirring until just combined.
- 3 Pour batter into a buttered 9x13 pan.
- 4 Combine last 3 ingredients to make a topping and sprinkle / spread it evenly over the batter.
- 5 Bake for 45 minutes. Serve with honey butter or whipped cream if you want.



Recipe Source - www.pinchofyum.com

Age is Just a Number

Have you ever met someone who was over 90 years old but they just didn't seem like it? It's striking how vibrant these people often are. This is interesting because life expectancy in Canada is currently roughly 82.5 years.¹

So what does that have to do with investing?

We are hearing a lot lately about how we are currently in one of the longest economic expansions and rising stock markets ever. Many people believe that it has to come to an end soon simply because of the age of the expansion. The buzz word is "late cycle". We don't agree and we believe the current expansion and rise in stocks can continue for many more years. Maybe life expectancy is growing longer for business cycles and bull markets just like it is for people. Five compelling arguments in support of this line of thought are;

The current expansion started after one of the deepest recessions in the past century (2008-2009). It is typical to have a long, slow recovery after a shock like the great financial crisis.

With the transition from an industrial economy to a service economy it may be reasonable to expect growth to be smoother. For example, a company involved in medical services will demonstrate stable growth versus the typical boom and bust cycle of a steel company.

As the nature of the economy has changed there may be more excess capacity than conventional measures indicate.

Stronger banking regulation and more central bank intervention may be contributing to slower but more consistent growth.

Finally, many of the typical signs of an imminent recession are not present in the economic data.

But what about the political mess in the U.S.? Won't that tip us into recession?

Life Insurance Frequently Asked Questions

Q: "How much insurance do I need?"

A: We often receive calls from people referred by parents, a realtor or their mortgage broker inquiring about life insurance. Some have an amount of insurance in mind, usually enough to cover the mortgage owing. Others are not sure how much insurance they should have.

We are able to provide basic quotes based on age, sex and smoking status, however we always complete a needs analysis with clients to determine the amount of insurance they should have to cover their needs. Just covering the mortgage may not provide enough protection. A need's analysis takes into consideration things like the survivor's income, replacing the deceased's income for a specified number of years, child care, future education costs, other debt such as a car loan, existing savings and other assets. It also takes into consideration any existing policies you may have personally or through your employer.

Sometimes when the analysis is completed the amount of insurance needed is considerably more than the mortgage amount. Sometimes it goes the other way and people need less insurance than they originally thought. Completing a needs analysis allows us to focus on what is important to each individual client and provide the coverage that suits them best while staying within their budget.

If you would like more details please contact us!

Florenza Jones
Insurance Representative



MARKET ECONOMIC UPDATE

While politics could continue to have a dampening effect, when have we not had political problems? Despite the many crises in the past 10 years, economic growth and rising stock markets have continued. We believe that is because earnings matter more than politics. We have seen generally positive third quarter 2019 earnings reports and while we have some concerns, the hard data from the second quarter and the consensus expectations heading into 2020 remain constructive.

As long as interest rates stay low, corporate profits are easier to produce and the competition for money favours stocks. Why would an investor buy a 10 year U.S. government bond with a 1.5% interest rate when they can buy a superb company like Honeywell that pays a 2.3% dividend and has great growth potential? That is not to say one should not own bonds but it does illustrate that when stock markets are trading at attractive levels compared to bond yields and deposit rates, stocks can move higher. At the end of August stocks all around the world were trading at price to earnings multiples that were very close to their 10 year average. So we can't say that stocks are expensive relative to bond yields or corporate earnings. Current consensus expectations are for earnings growth in U.S. stocks of 2% in 2019 accelerating to a 10% growth in 2020.² Many companies continue to increase dividends and buy back stock. Another reason that stocks have been so resilient could have to do with the fact that there is over 3.4 Trillion dollars in U.S. money market funds and so far market pull-backs have been met with investors buying the dips.³

One can conclude from the daily swings in markets that the major impediment to the market is trade tension. It is also reasonable to assume that Donald Trump wants to be re-elected. Is it possible that enough of a trade deal can get done to relieve some of the anxiety before the 2020 Presidential campaign gets into full swing? If that were to happen we think stock prices could move higher. Meanwhile low inflation

due to an aging demographic profile, a debt overhang and the productivity growth from technology should ensure that interest rates will remain reasonably low for some time.

As we look back over the past 10 years there have been many panic attacks that caused people to think the rise in markets was about to end. So far the market just keeps moving higher and we think the reasons above may shed some light on why that has been and why it should continue. The two charts below

compare the Standard and Poor's index of 500 stocks to the Dow Jones Industrial Average over the 20 years from 1980 to 2000 and the 19.75 years from 2000 to today. We can see that markets went up roughly 1,265% from 1980 to 1999 but since 2000 the gain has only been approximately 115%. So if anyone tells you markets can't possibly go higher, you know that like the 90 year old that just keeps going, they certainly can.

Martin Chambers CIM®
Trading and Research Specialist



Sources:

¹ Life expectancy: <https://countryeconomy.com/demography/life-expectancy/Canada>

² Earnings multiples: RBC Global Asset Management – The Big Picture August 31, 2019

³ Consensus earnings, Cash on Sidelines: Raymond James – Weekly Headings 09.13.19

Chart Sources:

S&P 500 and Dow Jones Average: Quotestream 10.09.19

Bond yield versus Honeywell dividend: Quotestream 10.09.19

Attend Our Free Presentations

Thank you to all who have attended our past sessions. Due to positive feedback we will be releasing more throughout the year!

Past Presentation:

Wills and Wisdom: Thank you to everyone who attended our evening with guest speaker Neil Friesen CFP, Estate Planning Advisor, we had a full house! We hope this event inspired you to stop treating your will like a huge secret only to be shared after you die. If you have questions about your will or estate plan, please do not hesitate to contact us.

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

"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

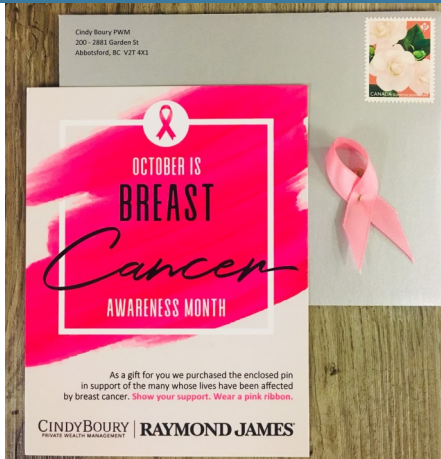
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Click the hyperlinks or copy to a webpage:

 www.linkedin.com/in/cindyboury/

 www.facebook.com/cindybourypwm/



Did You Know 1 in 8 Canadian Women are Diagnosed with Breast Cancer!?

(Left) October was Breast Cancer Awareness Month. In support and memory of the many people whose lives have been affected by breast cancer Cindy Boury Private Wealth Management is supporting the Canadian Cancer Society by purchasing pink ribbon pins and mailing them to our clients and friends. Show your support. Wear a pink ribbon. visit www.cancer.ca for more information.



Archway's Community Builder's Awards

(Above) Cindy, Sheryl and Susan attended Archway's (formerly Abbotsford Community Services) yearly award ceremony. It also marked Archway's 50th year anniversary supporting our local community.



FVCPAA (Fraser Valley Chartered Professional Accountants Association) Conference

(Left) Cindy presented on the topic of "The Power of Trusts in Wealth Management." Thank you FVCPAA for the invitation to speak again this year.



Our "Fur-Family" has been growing!

(Left) Each year Cindy donates to the World Wildlife Fund Canada, choosing an endangered animal to symbolically adopt. In turn, WWF sends us stuffed animals. Since we have done this for a few years now...Our animal-family has been slowly growing! Our "office-dog" is shown in the center.

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