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

CINDY BOURY PRIVATE WEALTH MANAGEMENT

NEWSLETTER: FOURTH QUARTER 2022

Cindy's Insight

Greetings to you all! While it doesn't quite feel like fall, we are into the fourth quarter of 2022 and the question I hear the most: Are we in a recession?

The simple answer is no. If we look at one of the indicators, employment, for example, there would be no jobs available in a recession, but businesses are struggling to find enough employees. So, while we currently are not in a recession, these are turbulent times.

Let's look at the economic cycle. This cycle ties in with the phases of the business cycle and these are repeatable. With higher interest rates, company growth slows down as the cost of borrowing gets more expensive. Companies are less likely to borrow to invest and develop their business. The cost of goods will also increase so people and companies spend less, which slows down the economy. As businesses start to lose profits, they cut expenses which includes employees. This continues the downward cycle leading into a recession. If you are borrowing aggressively, please be aware it is getting more expensive and you need to ensure you have the cash flow to manage these higher interest rates as well as the higher cost of goods and services.

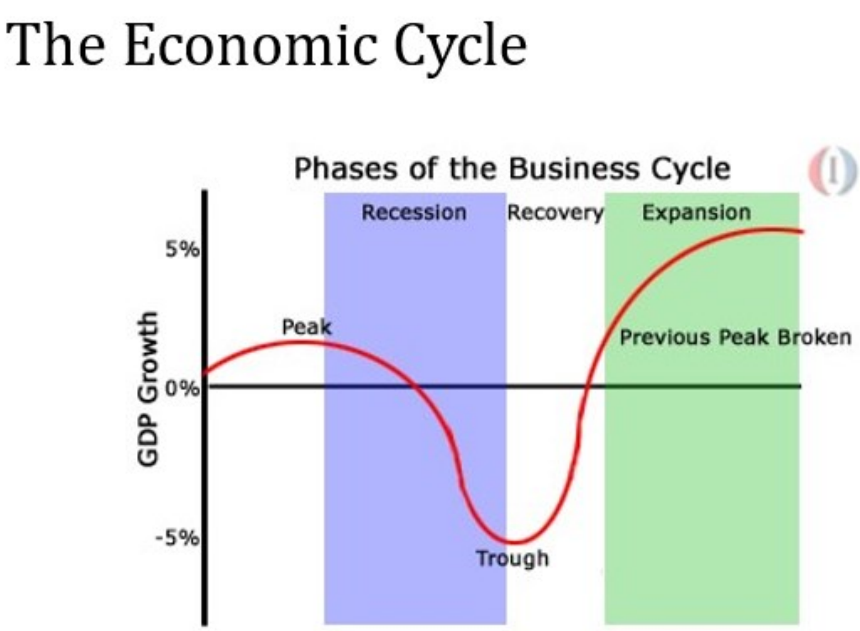

Chart Source: Investopedia. Data in this chart is from sources believed to be reliable, but accuracy cannot be guaranteed.

For our younger clients, please keep dollar cost averaging. We know when the markets are down, it is very easy to be disappointed but this will turn around. The worst times can be the best times, and we highly recommend you stay the course. These are long term portfolios, meaning they are designed to work through these years. For some, there may be more volatility if you have higher risk.

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Inside This Issue

ADVISOR TALK

Tired of receiving account statements in the mail? You can choose to view your accounts online only. Ask us how!

- Cindy Boury

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I see the concern and I understand, however, if you have the correct risk assessment, this should be manageable for you. If you feel uncomfortable, please call us as it may be a good time for a review. If you want to take out some of the risk, we are helping people by moving some money to bonds or GICs. I prefer to own the single bonds and at the time of writing they are paying four to five percent. We also know as life changes, so does the appetite for risk. Maybe a new risk assessment is needed and we are here to help you.

At this time, we have made several changes to some models: We removed a bond fund as I was concerned about year-end reporting and the continuation of interest rate increases. Currently we have back filled all the savings accounts needed for your monthly withdrawals from this sale. I have also added an ETF that participates in the current rate increases and as rates increase so does this ETF.

We have also recently added to our Canadian ETF, which reflects on the Canadian Banks and Oil, as well as other high-dividend paying stocks. We placed a small weight in a small/mid cap Canadian ETF and we drew from our US ETF to keep this balanced. As economies go through the cycle, we expect small/mid caps to grow.

Life Insurance FAQ

Q: *"What is the most overlooked type of insurance?"*

A: Critical illness insurance might be the most overlooked type of insurance, but also one of the most important should a big health emergency affect your family. For example, a heart attack, cancer or stroke could limit your ability to work and incur health care and living costs not covered by standard health insurance plans. If you suffer from one of the covered critical illnesses and satisfy the waiting period, the lump-sum payment can be spent however you see fit. You have the freedom to put it towards living expenses such as childcare, transportation and household bills, or even a vacation with family and friends to recuperate—whatever it is you and your family need to get through this challenging time. Critical illness insurance can give you the financial support needed to cover your family's financial needs or prevent you from having to work while you recover.

I'm always happy to answer any questions you may have about this or any other type of insurance.

Florenza Jones
Insurance Representative

I continue to review the risk and assess all models. I see the opportunities and now we need the technical movement to support these prices.

Our stock models have dividends and cash flow. This income stream is used to buy back into some of the positions. We will continue to action, based on the best opportunities and the tactical design I have built over the years. Remember, all capital moves up and down, just like the value of your house. If your house has a rental income, this is like a dividend. The dividends are paid into the portfolio and is used to manage and buy into positions for you. This cash flow or dividends should be sustainable, not all are, and this cash flow is often a part of the withdrawal many of you make as you retire.

If you buy into the market now, you could increase your dividends potentially for life. I think markets will be choppy for three to six months, leveling out in 2023 if interest rate increases stop. This may be an excellent market to thoughtfully buy into. It is not easy but that is why we are here. A contrarian does not always follow the herd or the algorithms. A thoughtful buy may happen when you least expect it, when prices are low and no one seems to have an interest.

The portfolios are holding up well, most of them are down substantially less than the indexes as less draw down to comparable modeling. I am glad we have our processes in place. Success is not necessarily about recreating the wheel, it is about completing similar actions at similar times to deliver a successful solution. Our trade team works each day to review the portfolios and our whole team is here to look out for you and answer any questions you may have.

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

Navigating the Uncertainty

Market volatility has remained quite elevated and prevalent across global asset classes during the first half of 2022. However, we expect volatility to remain elevated for the rest of 2022 and likely heading into 2023, driven by uncertainties related to, but not limited to: 1) stubbornly high inflation; 2) aggressive policy normalization efforts by central banks globally to cool demand side inflationary impulses; 3) the ongoing Russia-Ukraine war, and the related global sanctions/uncertainties which followed the invasion; 4) COVID-19 lockdowns; 5) elevated geopolitical risks; 6) instability in commodity markets, and 7) a deep slowdown in the Chinese economy. But as we stare out at the abyss with markets and global asset classes mostly in the red, with many economists now calling for a recession (a hard-landing) or a significant slowdown in the global economy over the next 12-18 months, we believe long-term oriented investors should avoid abandoning ship at the current impasse and making any irrational changes to their portfolios. Rather, instead of searching for "places to hide", we would suggest investors use periods of volatility to add to existing or new positions at more attractive levels. And while it may be difficult to see the bigger picture amid all the uncertainty, negative/worrisome headlines, and background noise, we wanted to highlight a few certainties that we believe are important to remember and reflect on during this unpredictable environment:

- It pays to stay invested - avoid the temptations to time the market; it's a losing proposition for even the smartest 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 & selling-low.
- Volatility/market sell-offs should be expected and are normal even during broader bull market cycles!
- Diversification + Asset Allocation = 🙂

Final Thoughts for Investors

Remain selective and stay invested! It is very difficult to achieve one's goals sitting in cash with inflation running at well above 2%. With this in mind, we suggest investors use periods of volatility to add to high-quality securities with solid franchises, which investors would be comfortable holding even if the markets remained closed for the next 10 years. And remember that "the money is made in investing by owning good companies for long periods of time." – Warren Buffett.

Nadeem Kassam, MBA, CFA
Head of Investment Strategy
PCS Investment Strategy at Raymond James Ltd.

Headlines Come & Go – This Too Shall Pass [LHS]; Growth of $10,000 since 2000 [RHS]

Year	S&P 500	S&P/TSX	Headline
2000	$1,320.28	$8,933.68	Y2K aftermath | Tech bubble
2001	$1,148.08	$7,688.41	Recession, 9/11
2002	$879.82	$6,614.54	Corporate Accounting Scandals
2003	$1,111.92	$8,220.89	Bush Jr. declares War in Iraq
2004	$1,211.92	$9,246.65	U.S. has massive trade & budget deficit
2005	$1,248.29	$11,272.26	Record oil & gas prices
2006	$1,418.30	$12,908.39	Housing bubble bursts
2007	$1,468.36	$13,833.06	Sub-prime loan crisis
2008	$903.25	$8,987.70	Banking and credit crisis
2009	$1,115.10	$11,746.11	Jobs Recession
2010	$1,257.64	$13,443.22	Sovereign debt crisis
2011	$1,257.60	$11,955.09	Eurozone crisis
2012	$1,426.19	$12,433.53	U.S. fiscal cliff
2013	$1,848.36	$13,621.55	Federal Reserve begins to taper
2014	$2,058.90	$14,632.44	Ebola outbreak I Annexation by Russia
2015	$2,043.94	$13,009.95	Commodity sell off
2016	$2,238.83	$15,287.59	Brexit
2017	$2,673.61	$16,209.13	Oil Price Decline
2018	$2,506.85	$14,322.86	Equity Markets Sell Off
2019	$3,230.78	$17,063.43	U.S.-China Trade War
2020	$3,756.07	$17,433.36	COVID-19 Pandemic
2021	$4,766.18	$21,222.84	Record Inflation

Source: FactSet; Data as of June 21, 2022. Growth of 10K Chart: For illustration purposes only. Start investing on January 1, 2000 with an initial investment of $10,000. The performance of US Equities is represented by S&P 500 TR Index. The performance of Canada Equities is represented by S&P/TSX Composite TR Index. The performance of Canada Fixed Income is represented by FTSE Canadian Government Bond. The asset allocation of the Balanced Portfolio is 60% S&P/TSX Composite TR Index and 40% FTSE Canadian Government Bond.

Cindy's Picks

Podcast:

Thoughts on the Market
www.morganstanley.com/ideas/thoughts-on-the-market

Books:

Willing Wisdom: *7 Questions Successful Families Ask*
by Thomas William Deans Ph.D.

Tax Planning for You and Your Family 2023
by KPMG LLP, Marlene Cepparo, Jeff Howald, Carol Bethune

Congratulations

Cindy Boury
Portfolio Manager & Branch Manager
Abbotsford

Recipient of the Raymond James Women Canadian Advisors Network's Woman of Distinction Award for 2022

RAYMOND JAMES®

Cindy Wins National Award: The 2022 Woman of Distinction

Cindy is the 2022 recipient of the Raymond James Woman of Distinction Award. This national award is nominated by top management at Raymond James and presented to female advisors with Raymond James who support the professional growth of others, manage a successful practice, and are actively involved in their communities. It was presented to Cindy at the Raymond James Women's Symposium in Tampa, Florida in September. Congratulations Cindy!

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/

Baby News

Congratulations to our own Sheryl Ward (née Boury) and her husband, Matt, on the birth of their beautiful baby boy. Hayden Matthew was born on August 17th. Cindy is in grandma heaven with two grandsons born this year!

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