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CINDY BOURY PRIVATE WEALTH MANAGEMENT

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Message From Cindy

Welcome to our fall 2016 newsletter.

We hope that you had a delightful summer with time spent doing things that you enjoy. At CBPWM we're embarking on a very busy fall schedule and are excited to provide the following update. We're also pleased that we'll be seeing so many familiar friends and meeting great new people as we move through the next few months.

If you have an account that has been invested in our six stock Canadian equity model, you may have recently noticed the addition of a small cap Canadian equity mutual fund. I'd like to

take this opportunity to share a couple of the reasons why we've done that. The first reason is simply that the addition of a small cap component to this model is a logical diversification. The model is primarily made up of very large, dividend paying, blue-chip stocks like BCE, Enbridge and Toronto Dominion Bank. So the addition of a small cap fund gives our clients a much more complete exposure to all types of Canadian stocks. The other reason this change makes so much sense is that it allows us to invest smaller cash amounts that accumulate in these accounts much more efficiently. To illustrate, suppose that we have dividends that have accumulated in the amount of \$ 750. If each of the five core stocks is roughly 18% of the account that would mean that we have to try to buy \$ 135 of each one. It's easy to see why that wouldn't work. The mutual fund allows us to make a single \$ 750 purchase thereby allowing us to invest excess balances while we wait for larger amounts to come in from contributions or portfolio adjustments. Please let me know if you have questions or would like more information on this change.

Thank you!

Cindy

Market and Economic Update

In our summer 2016 newsletter we said that we thought the decline in energy prices would have a positive effect on global growth and that seems that has been the case, particularly in the United States as evidenced by the busy summer travel season.

We thought that the first "green shoots" of recovery in China may have started. In addition to better trade and industrial statistics we have seen a rise of over 20% in the iShares China Exchange traded fund that we monitor. That turnaround has contributed to a nice gain in the emerging markets fund that many of our clients own.

We had hoped for a bit more weakness in markets so that we could buy more great companies “on sale” but we’re very pleased to see that our shift away from U.S. stocks and U.S. dollars into Canadian, international and emerging markets investments has been very timely.

We wrote that “our expectation that growth and earnings in the second half of the year should accelerate”. We were pleasantly surprised to see that in the second quarter almost 70% of the large U.S. companies reported better than expected earnings. The most positive aspect of the reporting season was that we started to see companies report better results because of higher sales not just by cutting costs.

So where do we go and what do we do from here?

The most talked about question in financial circles lately has been about the timing, magnitude and effect of interest rate increases in the U.S. We believe that *modest* increases in short-term interest rates are likely in the near future and while the market *may* sell off in reaction, any increase will not slow the economy or do lasting damage to stock prices. We would look at such weakness as a buying opportunity.

The most talked about question in almost every circle lately has been the outcome of the U.S. presidential election. Our view is that no matter who wins the White House, it will be very difficult for the new president to make radical changes given the split in congress and the limitations that the constitution places on presidential powers. We purposely don’t allow ourselves to get caught up in the media hype around such issues but continue to focus on the long-term fundamentals of economics and business in planning your investments.

Many Canadians keep a close eye on the Canadian dollar to U.S. dollar exchange rate and its significant implications for investment and personal decisions. We continue to be positive on the Canadian dollar because we’re very bullish on oil and gas and recognize its high correlation to energy prices. Without getting too granular, we note that the world-wide drilling rig count is down over 60% from the 2014 average. Total drilling is down over 75% and we’ve heard that capital expenditure reductions in oil and gas worldwide may now total over \$ 1 trillion! We also know that with the upcoming privatization of Saudi Aramco, the world’s swing producer is desperate to see a higher oil price.

We’re very encouraged to see strength in most global economic surprise indexes. We are very aware of the risks and uncertainties in the world but such is always the case. Our primary focus is risk management but we are equity investors and acceptance of volatility is the tradeoff for growth. Our disciplined fundamental and technical approach to investing allows us to seize opportunities in a prudent manner. We continue to test and re-test our asset mix, geographic diversifications and investment choices daily in order to protect and grow your wealth.

Let’s Get Together

On September 8 we held our first small group luncheon with clients.

On September 26 we held a presentation at the Best Western.

On October 26 we will be holding another small group luncheon with clients.

We are in the planning stages for another presentation on the Wills Variation Act and RDSP’s.

We’re planning to do a number of these types of things but we need your help.

Your Input is Important!

Help us to plan events that will work for you. Click on the link below and it will take you to Survey Monkey. A completely anonymous survey. It's fast and easy. Only three questions! Or you can send us an e-mail letting us know what interests you. cindybourypwm@raymondjames.ca



<https://www.surveymonkey.com/r/TCCYH6B>

Thank you!

Cindy in the community

Rise and shine its garbage pickup time! Cindy Boury's group did their own part to support our rivers and waterways. They got together in a torrential down pour and picked up hundreds of nasty cigarette butts, garbage, and other items along the Fraser River in Abbotsford. The weather didn't dampen their enthusiasm. This started last year when they joined the Raymond James team for their annual garbage pickup. They decided to create their own event for ease of distance and as a team event.

It doesn't matter on the size of the group or where it happens, what matters is you get out and DO IT.



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