

## March 2023 Financial Planning Email Update

Last month we discussed the expectation of a recession occurring in 2023. The only question was would the decline in the business cycle be defined as a 'soft landing' or a 'hard landing'. In the past few weeks it has been determined that with a red-hot labour market in Canada and stronger than expected global economic growth, any type of recession would be delayed to early 2024, if at all, which is being referred to as a 'no landing'. In recent weeks it was announced that 150,000 new jobs were created in Canada in January 2023.

However, the Bank of Canada, which had announced a pause, may need to continue increasing interest rates if inflation proves to be stubborn about declining. In any case it is important to invest at least partially for growth as a hedge against inflation. As a tool to assist with managing your personal finances during this inflationary period, please find attached the Dynamic Personal Record Keeper and Financial Log Book.

In a recent research bulletin, put out by CI Global Asset Management, the relative advantages and opportunities to invest in Canada were highlighted. Currently, Canada has on average a higher dividend yield than the United States. Valuations favour Canada as the Toronto Stock Exchange Index (TSX) is trading at a historical discount to the United States' Standard & Poor's S&P 500 Index as measured by Price/Earnings Ratio, central bank policy is in Canada's favour, self sufficiency is in Canada's favour with food security and energy independence, Canada has political stability, steady population growth and a consumer and banking system that can adjust to interest rate hikes.

Currently the 6-month U.S. Treasury Bill yield is 5% and the U.S. S&P 500 earnings yield is 5.08%. This is the slimmest advantage for stocks in the U.S. since 2007.

Amanda and I continue to attend portfolio management updates for all our recommended funds. John Delano, Senior Portfolio Manager with the Global Equity Team at Invesco in New York, shared his process and views recently. This group manages 15 billion dollars globally. John is supported by 20 investment professionals in the New York office who are continually sharing each other's ideas

As a growth-style manager, John first identifies long-term growth trends. Today these are mass affluence, new technology, company restructuring and reinvention, and an aging population. In the U.S., 10,000 baby boomers turn age 65 each day! Second, John identifies industries that will benefit from the long-term growth trends. And thirdly, he identifies companies in these industries that will benefit from the long-term growth trends. These companies need to be industry leaders, succeeding over a number of years. John's target is a return potential of doubling in 5 years.

John takes a while to really understand a company. When he's interested in investing, he waits for the right price. Once invested he partners with management and meets with the Chief Executive Officer (CEO) annually and the Chief Financial Officer (CFO) on a quarterly basis. In the past year great companies with a high competitive advantage and low debt have not actually deteriorated but have simply been devalued in the marketplace thus creating a significant opportunity in global investing today.

John's view is that by China steering away from very restrictive COVID health measures to being completely open that this will be a driver in accelerating global growth moving forward. Also, interest rates will plateau and we will see inflation fall below 4% in 2023. When this occurs, investors will start to search out long-term growth companies. John's long-term investment approach is to be patient and to wait for the forecasted value to be proven out.

Please note that it has come to our attention that Ontario Health is requesting authorization to send information about organ and tissue donation on the 2022 Income Tax Return. This is new for 2022. Should you wish to participate in this program, please advise your tax preparer to check 'yes' in the appropriate

section. In our tax preparation process, we will assume 'no' unless otherwise advised. Our revised 2023 Tax Return Checklist for the 2022 Income Tax Return is attached.

Amanda and I are both qualified CERTIFIED FINANCIAL PLANNER® professionals at your service to assist in all areas of comprehensive financial planning including financial goal discovery, cash flow/budget analysis, retirement income planning, tax savings, estate planning, insurance needs analysis, investment planning, education saving planning, special purpose or major purchase planning. I wish to thank you for your continued confidence and for the opportunity to serve you in all aspects of Financial Planning. As always, I will continue to keep in touch with you but if you have any questions or concerns, that you would like to discuss or review, please do not hesitate to contact either Amanda or I by email or by calling the office at 519-894-2661 or toll-free at 1-800-716-5538.

Have a great day!

Respectfully Yours,

*Gary*



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