

January 2023

## **2023 Recession or Not – Client First!**

Hello everyone,

Welcome to 2023, I trust your holiday season was enjoyable. I have a lot of information to share with you, so please get comfortable. Here we go.

### **ENCRYPTION for all**

Sending emails in an encrypted format is viewed as troublesome by most people, because it requires an extra step. If you have your identification stolen, it is usually a very costly and time-consuming task to recover everything. Imagine this happening to you, just prior to a flight for a well-deserved holiday. Here at Raymond James Ltd., we take your privacy seriously. Raymond James has implemented encrypted emails to keep your personal information safe. Let me share an example:

Andy sends you an email with some personal information, and hence, it must be sent encrypted. You receive the email and provide the necessary password, so you can read the message from ANDY. Here is the best part. If you reply to Andy’s original email, your message will be automatically encrypted. All future emails will continue to be encrypted if you continue to reply or use the “original” email thread. It is a two-way street, so help us keep your information safe.

### **The RESULTS are in for 2022 and they are not pretty**

S&P/TSX Composite Index	-8.66%
S&P 500	-19.44%
DOW JONES INDUSTRIAL AVERAGE	-8.78%
NASDAQ	-33.10%

Needless to say, North American markets turned in a negative performance everywhere. The NASDAQ index, which has a higher compliment of technology companies performed the worst, dropping an eye-popping -33 per cent. As we look forward into 2023, the central banks around the world remain steadfast in their approach to reduce inflation by utilizing higher interest rates. Hopefully, the central bankers will soon lighten up on the interest rate increases and perhaps even reduce the rates somewhat later this year. Canada’s inflation target is two per cent and we are currently above six per cent. In 2022 we avoided the worst headlines once again, especially the collapse of some crypto-currencies and crypto-exchanges. Please see the enclosed two-page (2) article, compliments of CI Funds, for their more detailed review of 2022 and their future outlook for 2023.

### **RRSPs & TFSAs – Contribution time!**

With a new year underway, many clients are contacting us to assist them with contributions to their RRSPs and TFSAs. It is always best if you can confirm your allowable contribution amounts by visiting the CRA website.

The RRSP limit for your 2022 Tax Year is:           \$29,210.

The allowable TFSA contribution for 2023 is:       \$6,500.

Please contact our ADMIN TEAM for assistance.

### **TAX Information – We are improving!**

Every year, we receive numerous requests for the “Actual Cost Base” of some stocks held within your non-registered (taxable) accounts, and some of you also request a Capital Gains & Losses report for the previous year. I am extremely pleased to report that Raymond James has implemented a major improvement to the tax form: **T5008 – Return of Securities Transactions**

We will now be providing both the BUY & SELL details, even if the purchase (BUY) of the shares happened before the calendar tax year. This will make anyone doing their own taxes happy and should provide your accountants the necessary information to complete your tax returns without delays.

*Note: there will always be exceptions and our ADMIN TEAM is here to assist you promptly.*

### **LANDMARK Wealth Management**

For the last 18 years, Gerry Son Kee has managed his Raymond James branch office under the name Landmark Wealth Management. On October 1<sup>st</sup>, 2022, I completed a transaction to acquire his Raymond James branch, which is located in Mississauga and provides service to clients in and around the west-end of the GTA and across Canada! Gerry will stay on to assist in a smooth transition of ownership. Going forward, you may hear the Landmark Wealth Management name during conversation or see the name on some correspondence. Please rest assured there will be no change to our existing client relationship.

### **RAYMOND James Ltd.**

Although my career here at RJL has been focused on your investments, Raymond James has become so much more than just investments. We have the resources and depth of most facets of the financial industry. Did you know that we have division for insurance products such as life, critical illness and disability. Did you know that we have an excellent financial planning department, that can assist you with estate planning too? More recently, we have expanded into the trust services business. Oh, and did I mention our Raymond James Foundation - for charitable giving and all other aspects of philanthropy? The Bottom Line is, we are ready to help you with all your financial concerns.

## RJ Cares

Last summer, our Oshawa staff participated in the RJ 5K 4 Kids. We all put on our running/walking shoes and walked 5km along the Oshawa lakeshore. We raised money for the Raymond James Foundation with the funds directed to Little Warriors and Drug Free Kids Canada.

# WINDY CIRCUIT

## BOND TEAM OSHAWA, ON



*Sanja Ellis, Mark Ellis, Derek Roper, Andrew Ellis, Elizabeth Jeffery*

"We found a circuit to complete down at Lakeview Park in Oshawa. It was a windy day by the lake but with an enthusiastic group we had a good time.

It's great to have the opportunity to show our support for the Raymond James culture and an opportunity to support Little Warriors and Drug Free Kids Canada.

It's also great to know that their work is supported from so many different places across the company."  
- Mark Ellis



*Valerie Roper, Sanja Ellis, Derek Roper, Andrew Ellis, Elizabeth Jeffery, Patricia Smith, Mark Ellis*

### **Administrative Team**

With our trained and friendly Administrative Team, your inquiries and questions are being handled promptly and efficiently. Please continue to use all the tools we have to assist you. These include our Raymond James Online Account Services, which allow you to view your account anytime, as well as Andy's online booking system Calendly and our websites. Contact the admin team directly via phone: 905. 723. 8000 or email: [ADMINTEAM.OshawaIFS@RaymondJames.ca](mailto:ADMINTEAM.OshawaIFS@RaymondJames.ca)

These helpful, dedicated, great people on our team: Elizabeth, Mark, Dale, Sonja, and Wayne and myself  
***all wish you a Happy & Prosperous 2023!***

Sincerely,

Andrew Ellis, FA

Raymond James Ltd. - IFS

***Raymond James has always embraced the business philosophy  
of Client First.***

Enclosures: Dataphile Report / CI Funds article / TFSA insert / RJ at a Glance

January 2023

Investors experienced a turbulent ride in 2022. Inflation, central bank rate hikes, oil prices, supply chain disruptions and the Russia-Ukraine conflict cast a long shadow on markets, causing extreme volatility and dominating financial headlines 24/7. As stressful as this has been, the worst is now likely behind us.

### **Equities and bonds**

U.S., Canadian and global equities swung back and forth in 2022, one moment bullish and the next bearish. For example, in Q3 the three leading U.S. indexes - the S&P500 Index, Dow Jones and Nasdaq - notched their biggest monthly gains since 2020. Equity markets also posted back-to-back monthly gains in October and November with North American stocks up over 10%. Unfortunately none of the rallies were sustained and Canadian, U.S. and global equities faded. The TSX Composite Index, the S&P500 Index and the MSCI EAFE finished the year down approximately 9%, 19% and 17% respectively.

The big tech names sold-off after disappointing earnings results while cryptos fell dramatically as speculative investors exited the sector. U.S. and Canadian banks had mixed results. Overall though, corporate earnings across a wide range of sectors remained resilient with consumer demand holding up.

In bond markets, U.S. and Canadian yields which move in the opposite direction to bond prices, rose during the first nine months of the year, before dipping slightly in Q4. Yields increased on expectations of more rate hikes by the Fed and Bank of Canada, the inflationary outlook and forecasts for slower growth. Yields then dipped on better inflation news in the second half of 2022 as well as on indications the market pullback now captures most of the re-pricing and downside. The yield curve, which is the difference between 10 year and 2 year U.S. yields, also flattened through 2022 as short and long yields converged. This highlighted Fed rate hiking at the short end and forecasts for slower growth at the longer end.

### **Economic indicators, currencies and oil**

Despite the market swings and uncertainty, there were a number of positive North American economic indicators reflecting the U.S. and Canadian economies continue to be in relatively good shape. The unemployment rate in the U.S. and Canada remained low and job vacancies grew. Retail sales and consumer spending chugged along nicely while house prices on both sides of the border cooled. As we headed into the second half of 2022, the CEOs of two major grocery chains said food prices had started stabilizing and a CEO of a large shipping company said supply chains are back to normal.

In foreign exchange markets, the Canadian loonie, dubbed a “petro-dollar” due to its close ties with the oil sector strengthened or weakened in tandem with oil prices. For the year, the loonie weakened against the US dollar but not as much as other major currencies. The Canadian dollar remains the best performing G10 currency relative to the US dollar, which has been seen as a buffer against rising interest rates. The U.S. greenback marked its best year since 2015.

The price of oil seesawed through 2022. It surged in the first half of the year, peaking at US\$122 a barrel by early June. Contributing factors were supply chain disruptions, Russia’s invasion of Ukraine, an OPEC production cut, strong U.S. GDP growth and signs China’s economy was recovering from the pandemic. From Q3, oil prices declined and ended 2022 hovering near US\$80 a barrel and up about 7% compared to 2021. The decline was driven by anticipation the Fed’s rate hiking plans, a strengthening US dollar and slowing global economic growth will eventually tame inflation and as a result dampen oil demand.

### **Inflation, interest rates and central banks**

U.S. inflation peaked at 9.1% during the summer, a 40-year high. Supply chain disruptions and rising energy, food and housing costs were the main contributors. Inflation then started to ease in the second half of 2022, cooling to 7.1% by year-end. This was driven by falling housing, healthcare and used car

prices as well as less expensive gasoline, electricity and air travel. The Fed raised rates from near zero to 0.25%, in March, its first increase in three years and then went on to make seven large hikes, including four straight 0.75% increases, its biggest since 1994. At its annual Jackson Hole summit in Wyoming, Fed chair Powell said the Fed would continue hiking until inflation is back within its 2% target range.

In Canada, inflation headed north as well, hitting 7.7%, in Q2, its highest level since 1983, before cooling in the second half of 2022 and ending the year at 6.4%. The Bank of Canada also raised rates seven times, including a jumbo full percentage point hike in the summer. Bank governor Macklem noted it will take time for higher rates to bring inflation under control, but monetary policy is starting to have an effect.

Many other central banks around the world coordinated with the Fed, including the Bank of England and European Central Bank. Most notably, the Bank of Japan ended its long-term near-zero interest rate policy. China's central bank was an outlier, introducing a 10 basis point rate cut to stimulate growth.

### **What can we expect next?**

As difficult as 2022 has been with rate hikes, high inflation and market swings, the worst is now probably behind us and the conditions created for a much more compelling investing environment going forward. Central bank policy, which operates with a lag, is likely to weigh on the economy into 2023, but equity valuations have normalized and the potential returns of several asset classes offer attractive opportunities. Corporate earnings in general have remained resilient and supply chains are finally moving again.

Regardless of where we are in the market cycle, it's important to take a disciplined approach to investing and stay focused on your long-term goals. This strategy helps you keep your emotions out of investing, typically buying high and selling low like many investors do. Ongoing monitoring and reviewing of your portfolio also ensures it remains on track. Diversifying investments reduces risk as well.

*The information in this letter is derived from various sources, including CI Global Asset Management, CI Financial, Globe and Mail, Daily Mail, National Post, Wall Street Journal, Forbes, MSCI, MSN.com, Advisor.ca, cp24.com, Toronto Sun, Bloomberg, Reuters, Investment Executive, US Treasury Dept, TNC News, The Post Millennial, Advisor's Edge, Coindesk.com, U.S. Energy Information Administration, Marketwatch, Baystreet, CNBC, The Economist, The Guardian, Yahoo News, CTV News, Bank of Canada and Statistics Canada as at various dates. This material is provided for general information and is subject to change without notice. Every effort has been made to compile this material from reliable sources and reasonable steps has been taken to ensure their accuracy. Market conditions may change which may impact the information contained in this document. Before acting on any of the above, please contact me for individual financial advice based on your personal circumstances.*

SAVING FOR YOUR LONG AND SHORT TERM GOALS

# Tax Free Savings Account

TFSAs offer tax advantages to save for long and short-term goals.

Contributions are

Not Tax  
Deductible



Growth is

Tax-Free

Eligibility to start  
contributions

AGE



Canadian resident  
with a valid SIN

Maximum cumulative  
amount for 2023

\$88,000



Over contributing penalty

1% Excess contributions are subject  
to 1% per month penalty.

## Calculating your annual contribution limit



2023 annual  
contribution limit\*

\$6,500

\*2022 TFSA limit is \$6,000



Withdrawals

Withdrawals from a  
previous year are  
added to your  
contribution room



Unused room

Any unused contributions  
from a previous year is  
added to your  
contribution room

## Eligible Investments

TFSAs allow many investments to be held within the account.



Savings  
Account



Mutual  
Funds



Stocks



Bonds



GICs



ETFs

Income does not  
affect your limit

You may contribute up to the  
annual maximum.

No withdrawal  
restrictions

However, you cannot redeposit  
withdrawn amounts until at least  
the following year.

No limit on  
carry-forward

No limit on the number of years  
unused contribution room can  
be carried forward.

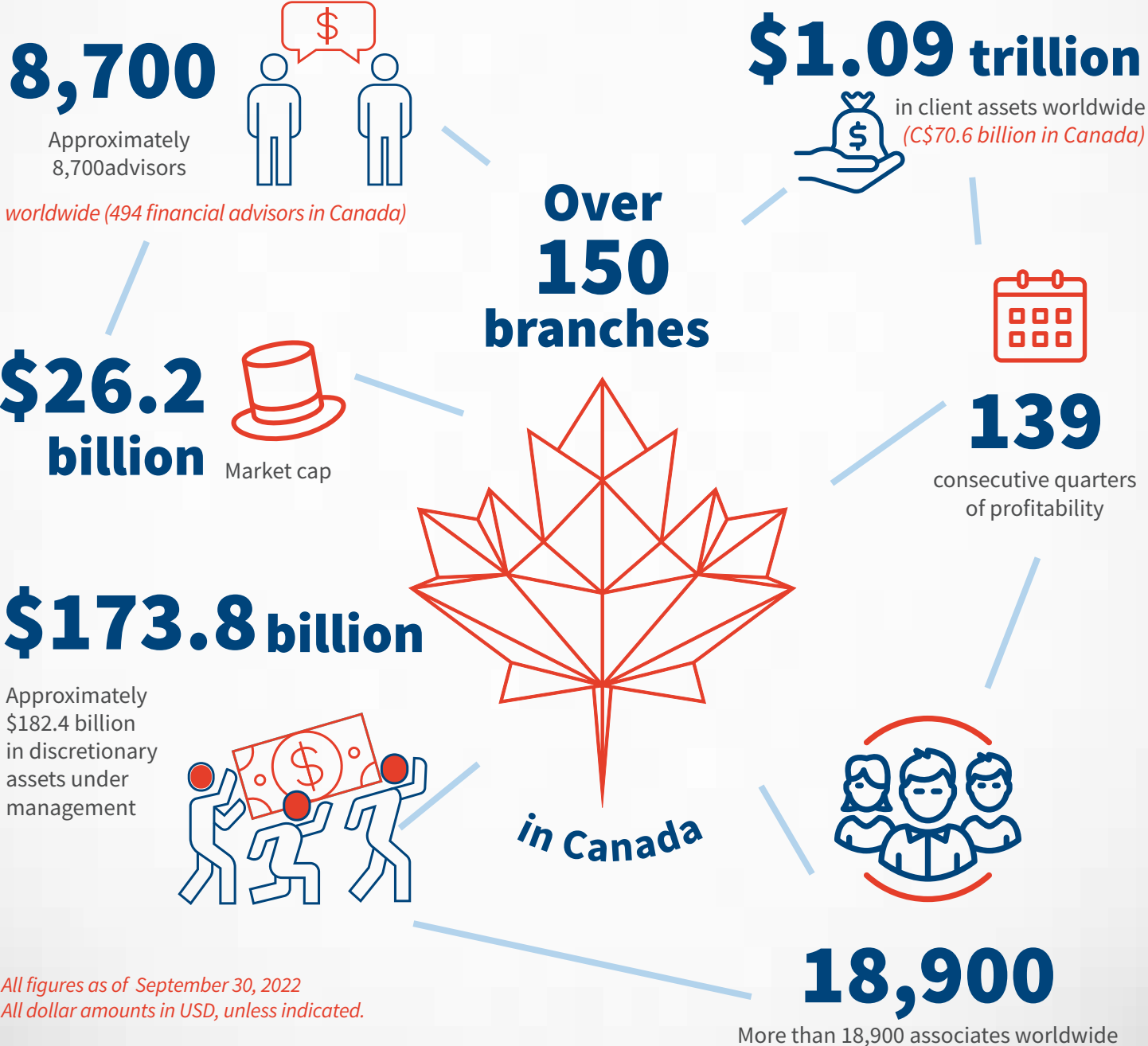
**RAYMOND JAMES**<sup>®</sup>  
FINANCIAL PLANNING



# RAYMOND JAMES AT A GLANCE

## IN CANADA AND AROUND THE WORLD

Our numbers are impressive, but our people are our greatest strength. In Canada and across our network, we share a vision of delivering the highest level of wealth management advice by always focusing on the unique needs of each client and their families. This client-first focus is further underscored by our core values of professional integrity, advisor independence and a conservative, long-term approach to investing.



*All figures as of September 30, 2022  
All dollar amounts in USD, unless indicated.*

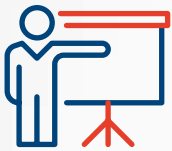


By consistently putting the needs of our clients first, Raymond James has become one of Canada's premier independent investment firms. Our client focus and the strength of over 1,566 employees and agents in Canada have garnered us many of the industry's top honours.

## OUR COMPANY



**61 analysts** globally covering more than 1,193 companies around the world.



**16 analysts** in Canada publish comprehensive research on 267 companies in: *Consumer, Energy, Industrials, Mining & Natural Resources, Real Estate, Technology & Communications and Transportation.*

In September 2016, Raymond James Ltd. welcomed **3Macs** to the family, creating **Canada's largest independent dealer**. 2021 also marked the **5-year anniversary** of the **3Macs** transaction.



A member of the *Canadian Investor Protection Fund* and regulated by the *Investment Industry Regulatory Organization of Canada*.

In January 2019, Raymond James was named to *Forbes' list of America's Best Employers* for Diversity.



In June 2016, Raymond James Financial was added to the Fortune 500, and in March 2017, it was added to the S+P 500 index.

Raymond James Trust (Canada) was launched in 2020 to help clients with estate planning and settlement.

### Women Canadian Advisors Network

created to educate, retain and attract the best women in the industry.



Raymond James Financial moves up in the Securities/Asset Management category of **FORTUNE magazine's World's Most Admired Companies** list for 2020.

**Raymond James** recognized as the **2021 Best Workplace in Financial Services (RJL only) & Insurance**, and **Best Workplace for Women, Inclusion, Mental Wellness** and For Giving Back.

Raymond James has been recognized on Forbes' list of the **World's Best Employers 2021**, ranked **158** out of **750 globally**, up from 303 last year.

### Supporting Charities

Raymond James Ltd. has been recognized by *Imagine Canada* as a caring company for signing the corporate citizenship commitment and demonstrating leadership in community support in Canada.



For more information on our firm, visit [www.raymondjames.ca](http://www.raymondjames.ca)