WHAT'S NEW

Jamey continues to manage Josh's competitive hockey schedule and helping teach Avery how to drive. Lots of fun (and anxiety) all around!

Dave's little Mackenzie, who is four, has fully embraced everything winter, from Santa, to skating and dominating the slopes at Dagmar. Life with her is truly an adventure.

Kelly proudly sent one of her daughters off to college in Ottawa last year. Kylie adjusted beautifully, Kelly not so much, at least not at first. But once the tears stopped flowing, they shared the first semester journey together.

Deborah's first grandchild "Chase" was born in October. Hundreds of photos and countless smiles ensued. As you can see in the photo, Chase already has a best buddy. The big black hairy dog's name is "Gryphon" named after the mascot of the University of Guelph, the Alma Mater of Chase's Mom and Dad.

ROLL OUT THE RED CARPET

IPC awards are presented annually at our fall conference; they are prestigious and the competition is tough. We are up against over 700 Advisors managing more than $30 billion in investments for over 200,000 Canadians across the country. This year we won:

2022 WEALTH BUILDER TEAM OF THE YEAR

Thank you for your continued confidence and support; we couldn't have done it without you.

NEWS - FHSA (TAX FREE FIRST HOME SAVINGS ACCOUNT)

This is a registered plan proposed in budget 2022 for prospective first-time homebuyers with the following features:

- Savings of a total of $40,000 on a tax-free basis
- A tax deductible contribution up to the annual limit of $8,000
- Tax-free withdrawals (as in a TFSA) to buy first house
- Amounts not contributed in one year are eligible for carry forward (carry-forward amounts would only start accumulating after an individual opens an FHSA for the first time)
- The government expects that Canadians will be able to open and contribute to an FHSA at some point in 2023

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TFSA contribution limit for 2023 is $6,500.

Withdrawals may be re-contributed; unused room accumulates and carries forward to future years.

RSP contribution deadline is March 1.

Please plan to have your contributions made by **Friday, February 24**. Call us if you would like a refresher on how to do your contribution online.

NOA (Notice of Assessment)

This is the document CRA sends each year following their evaluation of your tax return; please provide a copy.

JANUARY 2023

2022 YEAR END

Over the past several years the globe has been battered by the pandemic while financial markets trended higher on the back of extraordinarily accommodative monetary policy. In 2022 the bill for those accommodative policies came due at significant cost to investors. As inflation gained traction around the world running at double digits, in many economies, central banks committed to a hard reversal. Many central bankers thought rising prices would be a transitory problem and once they proved to be otherwise we saw very aggressive tightening. In North America rates jumped from 0.25% to over 4% by the end of the year. The jury is still out on the impact of those decisions as it takes several months to see the effects in economic data but central banks-or at least the rhetoric from central banks- have indicated that their work is far from over.

The Canadian stock market held up better than most last year with a return of -8.66%. Losses were mitigated largely by a 14% gain in oil and a 28% increase in natural gas prices including the dismal slide of 34% in December. U.S. stocks fared much worse with the S&P500 Index falling more than 19% while the technology heavy NASDAQ fell over 33%. Technology companies, and especially those with no earnings, tend to be affected disproportionately by higher interest rates. In Europe, the MSCI Europe Index fell 11.86% and in China the Shanghai Index dropped 15.13%.

More troubling for many investors last year was the beating bonds took. In Canada we saw the S&P Canada Aggregate Bond index drop 10.55%* for the year after losing 2.48% in 2021. While we have seen bond markets retreat in the past through a tightening cycle, the damage in 2022 has been beyond painful.

What lies ahead is what we are concerned about now of course. The trajectory of the next couple of years will depend primarily on how successful central banks are at bringing inflation down to more palatable levels. Recent data has shown that the rate of inflation has slowed and we expect that trend to continue given some of the rate hikes have not had time to filter through to consumer behaviour. Given the aggressiveness of central banks it is reasonable to believe that we are much closer to the end of the tightening cycle than the beginning. If rates stabilize in the coming months, as we expect, it is also reasonable to expect strong performance from fixed-income investments.

When we look at equities the picture is less clear. The performance of 2022 was an adjustment to what is expected. That is to say that if a recession takes root corporate earnings will fall. Stocks have adjusted, but have they adjusted enough? That will largely depend on whether central banks take matters too far causing a deeper recession. The next several months will likely be wrought with competing headlines, one side saying stocks have fallen too much because the recession will be mild, and the other declaring there is more pain to come because the recession will be deep. Unfortunately, we will only know who is correct with the benefit of hindsight. What we do know however is that the cycle will turn, and although we expect continued volatility for the near term, we are also expecting opportunity to come from it.

Please contact us if you need to review your portfolio or if your personal circumstances have changed. Also please ask us about our discretionary portfolio service which allows us to manage your assets on your behalf while staying in step with your risk tolerance and objectives.

*spgglobal.com

All other market data from Fidelity Market Pulse

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