BLA Private Wealth | RAYMOND JAMES®

BLA Newsletter Issue #9 – January 2022

Am I Saving Enough to Retire Comfortably?

More and more baby boomers are asking that question as they head toward retirement. The rule of thumb is that you will need about 70% of your pre-retirement income. Achieving financial independence and enjoying a comfortable retirement depends on your ability to set money aside today for tomorrow - while establishing a sound and disciplined program to ensure that your investments grow.

When managed properly, the tax-sheltered advantage of a Registered Retirement Savings Plan (RRSP) can result in growth superior to that of a non-registered account.

The maximum contribution limit for 2021 is $27,830. However, if you did not use all of your RRSP deduction limit for the years 1991-2020, you can carry forward unused contributions to 2021. Therefore, your RRSP deduction limit for 2021 may be more than $27,830.

Deadline for 2020 RRSP contributions is March 1, 2022.

Opportunities in the Tax-Free Savings Account (TFSA)

The TFSA offers an array of tax benefits to help you invest throughout your life. It's been described as the single most important personal investment vehicle since the introduction of the Registered Retirement Savings Plans (RRSP).

The TFSA, launched by the Federal Government in 2009, is a savings account into which anyone 18 years of age or older and who has a valid social insurance number (SIN) can open and contribute $6,000 a year tax-free. The cumulative lifetime contribution amount in 2022 is $81,500. The types of eligible investments available are similar to RRSPs, including bonds, GICs, and stocks that would otherwise generate taxable dividends or capital gains.

The money you contribute to your TFSA, unlike your RRSP contributions, is not tax deductible. In addition, income, losses, and gains in respect of investments held within a TFSA, as well as amounts withdrawn, are not taxable.

Contact us if you have any questions related to RRSPs and TFSAs.

Webinars – Ten Themes for 2022

In case you missed it, the webinar recording for "Ten Themes for 2022" is now available on our events page linked below.

You can watch previous webinar recordings on our website
www.blaprivatewealth.ca/insights/events

Insights – Earnings Season

This month, some of our portfolio holdings reported their quarterly financial results. Below are earnings updates from some of our portfolio holdings:

- **JPMorgan Chase & Co. (JPM-US)** reported quarterly results that have beaten analyst estimates on lower credit losses and loan growth. The bank reported earnings of $3.33 per share on revenue of $30.35 billion. Analysts were expecting earnings of $2.99 on revenue of $30.01. The bank reported strong performance at its investment banking unit, but fixed-income and trading revenue was lower than expected.

- **Intuitive Surgical (ISRG-US)** reported quarterly results that have beat analyst estimates on strong demand for its robotically assisted products and services. Revenue grew by 17% year-over-year to $1.55 billion, driven by growth in da Vinci procedure volume and system placements. For the full year 2021, the company grew its da Vinci Surgical System installed base to 6,730 systems, an increase of 12% from 2020. Procedure growth for the full year 2021 was approximately 28% as compared to 1% in 2020 and increased 14% using a two-year compound annual growth rate. For fiscal 2022, the company expects procedure growth to be within a range of 11% to 15%.

- **Microsoft Corp. (MSFT-US)** reported quarterly reports that have beat analyst estimates on strong demand from its cloud business. Revenue grew 20% year-over-year to $51.73 billion, higher than estimates of $50.88 billion. Microsoft Intelligent cloud segment, which includes Azure public cloud, generated $18.33 billion in revenue, representing 25.5% growth year-over-year. Azure and other cloud revenue grew by 46% year-over-year. Microsoft reported adjusted earnings of $2.48 per share, compared to estimates of $2.31 per share. Microsoft announced they have agreed to acquire **Activision Blizzard Inc. (ATVI-US)** for $68.7 billion in an all-cash deal or $95 per share.

- **Canadian National Railway Co. (CNR-CA)** posted quarterly results that have beat expectations. The railway operator reported earnings of $1.71 per share, adjusted, on revenue of $3.75 billion. Analysts were expecting earnings of $1.53 per share on revenue of $3.66 billion. The company announced industry veteran Tracy Robinson as the new chief executive officer. This would settle the long dispute with its largest shareholder TCI Fund Management Ltd. after a failed bid for Kansas City Southern.

- **Mastercard (MA-US)** posted better than expected quarterly results. Mastercard reported earnings of $2.35 per share, adjusted, on net revenue of $5.21 billion that grew 27%. Spending trends continued to improve, with Q4 cross-border spending now above pre-pandemic levels. Cross-border volume growth was 53%.

- **ServiceNow (NOW-US)** reported quarterly results that have beaten analyst estimates on better subscription revenue and billings growth. Subscription revenues were $1.52 billion, an increase of 30% on a constant currency basis. Current remaining performance obligations, which represents contract revenue that will be recognized as revenue in the next 12 months, grew to $5.7 billion, an increase of 32% on a constant currency basis. ServiceNow reported 135 transactions over $1 million in net new annual contract value in Q4 2021, representing 52% year-over-year growth. The company now has 1,359 total customers with more than $1 million in annual contract value, representing 25% year-over-year growth in customers.

- **Apple Inc. (AAPL-US)** reported quarterly results that have beat analyst estimates. Revenue grew by 11% year-over-year to $123.9 billion, beating estimates of $118.7 billion. The company beat analyst sales estimates for every product line except for iPads. They reported earnings of $2.10 per share, beating analyst estimates of $1.89 per share. Apple CEO Tim Cook said the December quarter's supply chain issues as challenging, but expected to improve in the current quarter.

- **Visa Inc. (V-US)** posted better than expected quarterly results. The payments processor reported earnings of $1.81 per share, adjusted, on revenue of $7.06 billion. Analysts were expecting earnings of $1.70 per share on revenue of $6.80 billion. Earnings were supported by an increase in travel and e-commerce spending.

- **Stryker (SYK-US)** reported quarterly results that beat revenue expectations, but missed on earnings. The medical technology company reported earnings of $2.71 per share, adjusted, on revenue of $4.7 billion. Rising raw material costs and investments in R&D and product launches contributed to the earnings miss. Organic net sales increased 9.0% from 2020 and 6.2% from

2019. The company expects 2022 organic net sales growth to be in the range of 6% to 8% and expects adjusted earnings to be in the range of $9.60 to $10.00 per share.

Source: Raymond James research and company reports

Bee Lee
Financial Advisor
bee.lee@raymondjames.ca
519-883-6062

Heather Desjardins, RIS
Financial Advisor Assistant
Heather.Desjardins@raymondjames.ca
519-883-6048

Christopher De Sousa, CIM®
Trading & Research Specialist
Christopher.DeSousa@raymondjames.ca
519-883-6044

Tolga Cetinkaya
Client Service Assistant
Tolga.Cetinkaya@raymondjames.ca
519-904-6080

595 Parkside Drive, Unit 1, N2L0C7, Waterloo, Ontario, Canada | www.blaprivatewealth.ca

BLA Private Wealth | RAYMOND JAMES®