

January 2025 Financial Planning Email Update

Happy New Year!



I wish you and your entire family a Happy, Health and Prosperous New Year!

As we enter a new year many of us establish new goals for the upcoming year. To avoid the new years resolution that is quickly forgotten it is recommended that all goals be written down as a positive affirmation, are specific, have a timeline and are reviewed often to establish the greatest likelihood of achievement. A comprehensive goal setting exercise can be found on our website www.ghafinancial.com within the process tab which we recommend being completed annually.

Canada Revenue Agency (CRA) has announced that Monday, March 3, 2025 will be the deadline to make your 2024 RRSP contribution. Your RRSP limit is found on the Notice of Assessment sent by the CRA in the spring of 2024. Please note that any transfers or loans for RRSP contributions must be completed at least one week prior to the above deadline. Please note that the 2025 Tax Free Savings Account (TFSA) additional limit is \$7,000 per Canadian resident age 18 or older. The new TFSA lifetime maximum is now \$102,000 which has been accumulating since 2009.

In 2024 we saw a significant improvement in investment returns led by the magnificent seven stocks, investing in the artificial intelligence and healthcare sectors as well as the beginning of lowering of interest rates.

In 2025 we expect interest rate cuts to continue. As savings/interest product returns are and will continue to decline, demand for equities from income seeking investors will rise. Lower interest rates and improving liquidity in the economy should drive an acceleration in growth which in turn will increase investment opportunities beyond the magnificent seven. The US economy and stock market are entering 2025 from a position of strength, but risks of volatility especially pertaining to policy are much higher compared to last year due to the change in US leadership. Deregulation and tax cuts could potentially provide a boost to the US economic and investment market growth while tariffs and immigration restrictions could pose challenges. The US is the top economy in the world today. This along with additional interest rate cuts to come could provide a potentially powerful combination for US equities.

Please find attached two detailed reports pertaining to the market outlook for 2025 from Mackenzie Financial and Invesco.

Mackenzie's 2025 Market Outlook, referred to as the Blue Book, brings you a detailed analysis from their Chief Investment Officers Steve Locke and Lesley Marks. This report highlights that the battle against inflation has been largely won. Also discussed are the economic affects of the outcome of the US election and the opportunities and challenges of investing around the globe in the various fixed income and equity asset categories. Four themes are also called attention to which are felt to guide the markets in 2025.

1. The electrification of the global economy remains a compelling investment theme.
2. Resources such as gold, natural gas and lumber are expected to do well in 2025.
3. The reducing of interest rates to normal levels has positive economic implications for both business and consumers alike.
4. The enhanced accessibility of private markets will improve portfolio construction.

The report concludes with a general recommendation of an overweight holding of equities and an underweight holding in fixed income assets.

Invesco's 2025 Investment Outlook entitled "After the Landing" sees Kristina Hooper Chief Global Market Strategist giving her macro-economic and investment market views for 2025. With the cooling of inflation and the avoidance of a recession known as a "smooth landing", Kristina advocates that economic growth will continue in 2025 along with a continued cut in interest rates, all of which is favourable to fixed income and equity investing.

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.

Thank you! Have a great day!

Respectfully Yours,

Gary



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