

## Fall 2024 Newsletter

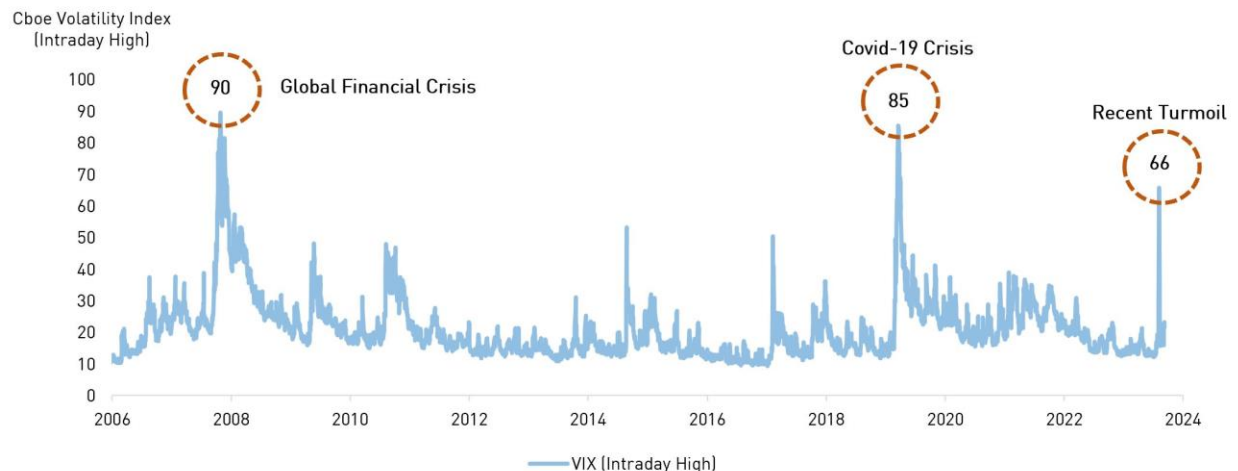
We hope you've enjoyed the last few weeks of Summer and gotten some R&R if you're back to work or school. For those retired, every day is R&R....

Given the amount of changes happening in our markets and the world, we felt it worthwhile to send some important updates and reminders on some recent budget and law changes.

### Market Update- Uncertain Times

Investors in the markets have experienced increased volatility in the last few months, mostly due to geopolitical and macro risks, with global economic slowdown and an uncertain European and US political situations. At one point in August, the volatility *increased* beyond COVID year and even Great Financial Crisis year...(Source: RPIA, below)

Volatility Spiked to Levels Not Seen Outside of Severe Market Events



Given several unknowns around interest rates and politics, we remain cautious with your invested portfolio, with a strong bias to quality, invest grade fixed income and higher allocation to security of capital options (private credit and equity).

One of our successful trades in our clients' managed accounts back in July was trimming Nasdaq100 ETF and or NVDA stock, **taking profits** as valuations have crept to super rich valuations...(Overbought theme is AI)

Bonds have also traded higher, bringing current yields much lower than just a few months ago, markets are pricing in a number of rate cuts before year end. Active managers like our RPIA and Pender Bond Managers, have seen a number of opportunities in bond yields relative to equity yields. See below, an example of earning an attractive yield without the 'bigger' risk of downside losses in equity.

## Investment Grade Bond Yields are Attractive Relative to Equity Earning Yields



Source: Bloomberg, ICEBofAML. Data as of July 31, 2024.

### Planning Opportunities:

As per usual, we're looking for client value adding opportunities in your pictures. Before year end, taking some capital gains to trim profits and or offset losses in other parts of your tax picture is a good idea.

Rebalancing the portfolios if they become out of range in their pre determined allocations will be done as well.

Consider starting some small accounts with your children or grandchildren to start growing their financial picture, any capital gains that accrue in their names (even as minors) are attributed to them.

Consider maxing your TFSA's with any cash windfall/inheritances before committing to a mortgage prepayment. Why? Rates on our higher interest options are higher than the rates being paid on mortgages. \*(by about 2-5% depending on mortgage). This tax free growth can then be used to prepay mortgages down the road.

### Budget Reminders

TFSA 2024 limit: \$7000.

### NEW (FHSA): **First Home Savings Accounts**

\$40,000 lifetime limit, 15 years' time frame since opening account, Cdn adult resident to qualify with no title to homes in current or previous 4 years.

\$8000 annual limit, carry forward amount of \$8000 max. Full tax break on contributions which must be done in calendar year. (unlike RSP with first 60 days of following year to contribute).

Capital gains Rate on realized gains **above \$250,000**. Inclusion rate goes to 2/3. (from 50%). Below \$250K still at 50%.

Lifetime capital gains exemption **for small business shares and qualified farming and fishing property went up to \$1.25M** as of June 25, 2024.

There is a entrepreneurship incentive starting in 2025 that reduces capital gains inclusion rate to 33% (from 50%) on a lifetime max of \$2m, for those the invent or provide new technologies to benefit economy. (not sure how this is tracked or monitored).

For a full list of the budget changes [www.budget.canada.ca/2024/](http://www.budget.canada.ca/2024/)

For your Personal Reviews, we welcome your feedback anytime, as per usual, we'll reach out to you accordingly to make sure we're up to date with your goals and priorities.

Best for a Peaceful and Joyful Fall Season

Sincerely,

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