Market Update

May 2024

Important Topic: Lessons Learnt

1. **"Will I have enough" is the only client question that matters:**

Every client is unique. Determining what is "enough" and establishing a plan to get there is all that really matters.

2. **Understand your own risk appetite:**

While your decision on taking risk should be based on your stage in life, time horizon, financial circumstances and goals, your comfort and desire to take risk often comes from your life experiences. Understanding yourself is critical.

3. **Intelligence doesn't guarantee investment success:**

Those with ordinary levels of intelligence can surpass smarter investors through temperament, by controlling one's emotions. EQ beats IQ.

4. **No one lives life in the long-term:**

Long-term returns are the only ones that matter, but one has to survive a series of short-terms to get there. Better a Good plan than a Perfect plan one abandons.

5. **Optimism should be your default:**

Based on the history of investing prudently, one should remain optimistic. Optimism wins

6. **Investing is hard:**

Ironically, coming to this realization can make it a little easier.

7. **Stick to Simple:**

Too many investors assume complicated equals sophisticated. Simplicity is the highest form of sophistication.

8. **Don't just do something, sit there:**

The temptation to do something is constant. Screaming headlines are designed to trigger and feed that temptation. It is rarely a good idea.

9. **Human nature is not your friend when investing:**

As human beings we have biases, emotions, blind spots, impatience and over confidence. Without another, it is very easy to make a poor decision.

10. **Taxes hurt:**

One should focus on the after-tax return of an investment. A higher pre-tax return can result in a lower after-tax return.

11. **An investment is not a portfolio, and a portfolio is not a plan.**

A prudent and thought-out plan is a prerequisite to successful investing.

12. **Prophecy is dead:**

No one knows the future. One must make investment decisions with imperfect information.

13. **Experience is not the same as expertise:**

Just because someone has been doing something for a long time doesn't mean that they are an expert.

14. **Money can be a curse or a blessing:**

It depends greatly on how you earn it, how you treat it and how you use it. Be mindful.

15. **True wealth is not an amount:**

Wealth lies in family, friends, and a general contentment with what one has.

TD Wealth

Market Update:

May was a positive month reversing most, if not all, of April's downturn.

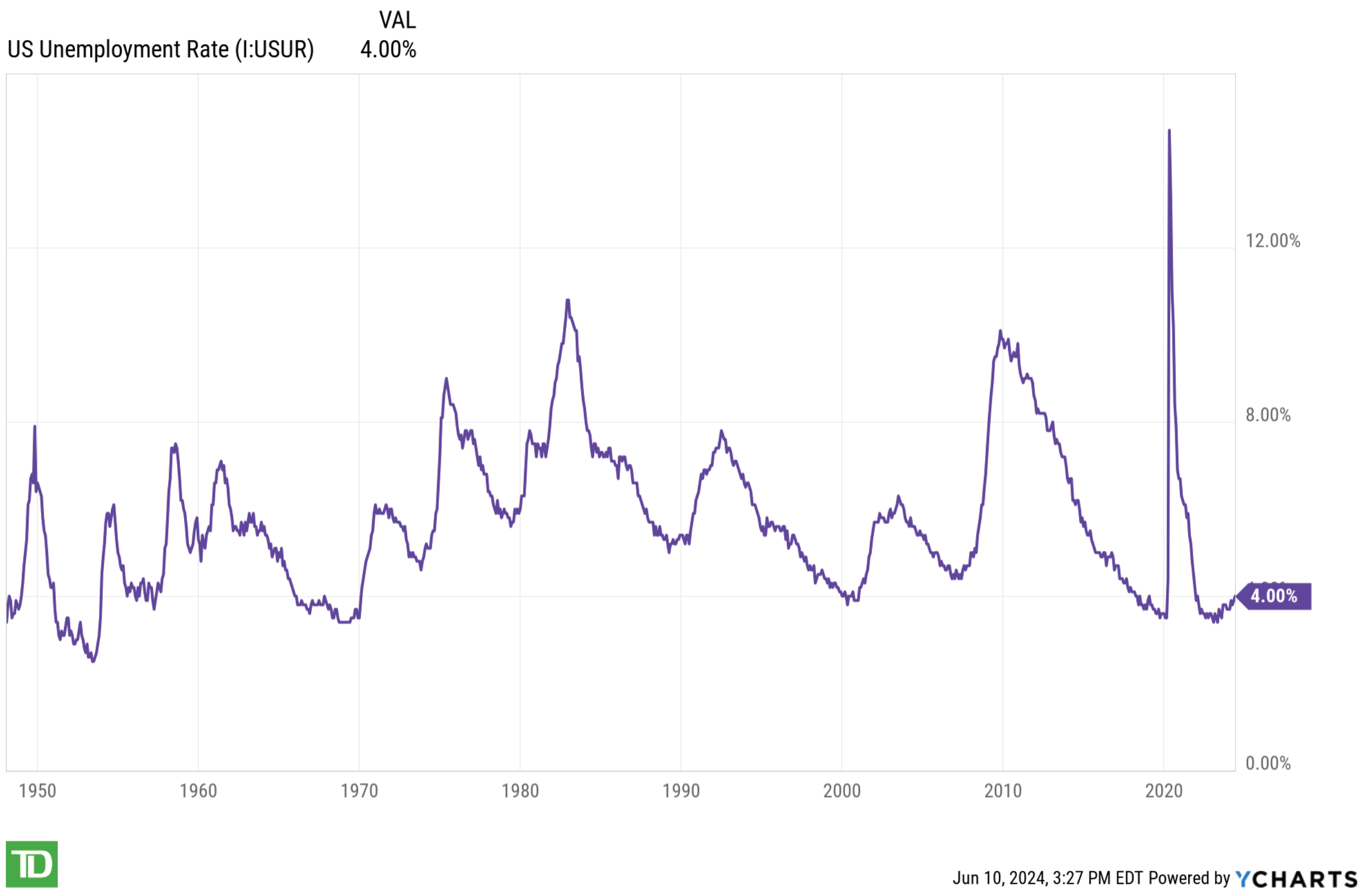
While it may not feel like it, inflation keeps falling, both in the US and here in Canada. The expectation is that interest rates in Canada will be lowered, either in early June or more likely July. Whether there will be interest rate cuts in the US and how much, is still hotly debated, but is also expected in 2024. Meanwhile earnings are still growing (forever critical), and employment is strong.

Let's consider a scenario where the U.S. economy enters a recession.

Nobody likes recessions, especially those whose jobs and incomes are affected. But from a big-picture perspective, it's important to remember that recessions describe the direction of the economy, not the level.

Consider the fact that the unemployment rate currently sits at 4.0%, a level that's barely above 50-year lows. In a recessionary scenario, maybe we see that rate directionally rise to 4.5% or 5%.

Again, any rise in unemployment is unwelcome news. But as the chart below shows, while a 5% unemployment rate might characterize a recession today, it also reflected economic boom times in the past.



The unemployment rate is very low today.

All this is to say that the next recession we may or may not be heading for shouldn't be that bad, because the economy is coming from a place of historic strength.

It's a glass-half-full view of what could be the next recession. But it's worth keeping in mind as recessions have happened in the past and they will happen again in the future. And the market volatility that accompanies them is what you sign up for when investing in stocks.

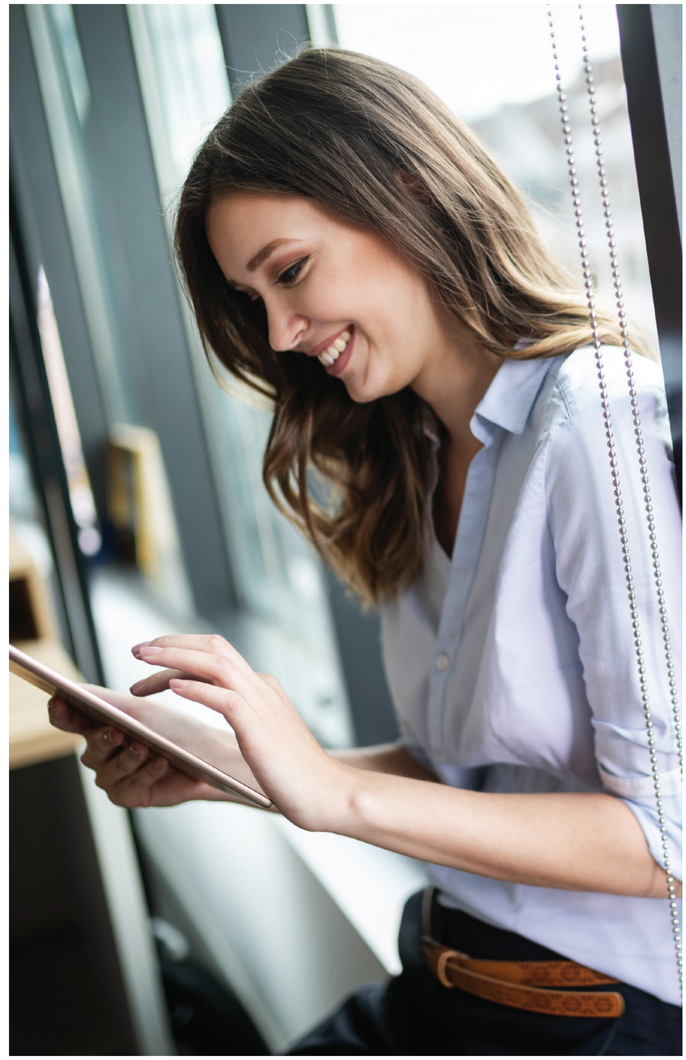
We are positive and cautiously optimistic about the short, and optimistic about the medium and long term.

More importantly, we are confident that we will be able to meet our client's objectives. At the end of the day, that is all that truly matters.

Have a great month and let us know if there is anything we can do for you,

Sincerely,

- Meir & Adam



Index	Month	Year to date
Bonds FTSE Canada Universe Bond Index - CAD	1.8%	-1.70%
Canadian Equity - S&P/TSX 60 Index - CAD	2.6%	6.70%
US Equity – S&P 500 - USD	5.0%	11.0%
International – MSCI EAFE Index - USD	5.10%	7.70%
Emerging Markets - MSCI Emerging Markets Index - CAD	0.80%	6.70%
Real Estate - Dow Jones® Global Real Estate Index - USD	3.80%	-4.40%
S&P/TSX Preferred Share Index - CAD	2.80%	13.30%

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