



March 2024 Quarterly Update

It's always exciting when the days start getting longer, the weather starts getting warmer and our garden beds begin sprouting back to life. Spring activity is a reminder that tax season is around the corner. Every year it seems like CRA's reporting requirements become more onerous and filing our tax returns becomes more challenging.



The 2023 tax year is no exception, and new tax filing and beneficiary disclosure rules related to bare trusts are expected to catch Canadians off guard. We have always encouraged our clients to seek professional tax advice and work with qualified tax and accounting professionals. This rings true now more than ever as tax rules become more complex.

Clients often ask us what can be done to reduce taxes or optimize their estate value. If there is any interest in charitable gifting or philanthropy, gifting securities in-kind can be a beautiful strategy. In light of International Women's Day on March 9th, we will be celebrating one of our female clients who made a record-breaking donation this year to a Vancouver charity. Continue reading to learn more!

Tamara Bonn, CFA

Nikola Gasic, CFA





Market Reflections

In late 2022 we were not optimistic with the state of the economy heading into the new year. Our base case was that we were either in a recession or would be entering a recession at some point throughout the year. 2023 shaped up to be a much better year in the markets than we expected, albeit with lackluster performance for the first three quarters, followed by a very strong fourth quarter. It's sometimes said that markets "take the stairs up" and "take the elevator down". It certainly felt like markets were cautiously making their way up the staircase for the first 10 months of 2023, and in November decided to ride the elevator the rest of the way, *up*.

US stocks rebounded in the fourth quarter amid expectations that the Federal Reserve had completed its campaign of interest-rate hikes and was considering cuts. We know now that these rate-cut expectations were a bit premature and have since been pushed further out. During Q4 the S&P 500 rose by 11.7%, with ten of the 11 sectors in the S&P 500 performing positively. Real estate and technology stocks had the strongest performance with returns of 18.8% and 17.2%, respectively. The energy sector was the worst performer, falling 6.9%.

Canadian stocks lagged their US counterparts, partly due to a lack of exposure to tech mega-cap stocks (the "Magnificent Seven"). During Q4 the S&P/TSX Composite index rose by 8.1%, with 10 of its 11 sub-indices posting positive returns. Financial services firms and bank stocks were the biggest contributors to performance, up 22.3% and 11.9%, respectively. Similarly to the US markets, the energy sector in Canada was the worst performer, falling 1.3%, as the price of West Texas Intermediate (WTI) oil decreased by 21.1%.

Canadian and US fixed-income markets saw a big rebound in Q4, driven by a sharp decline in government bond yields (when bond yields go down, bond prices go up). Lower than expected inflation data convinced many investors that interest-rate cuts were around the corner, driving bond yields down. Since then, markets have re-priced those interest rate cut expectations, pushing them further out into the year.

As we settle into 2024, we can't help but notice how quickly investors' behavior and emotions are changing. Coming out of 2022, one of the most difficult years for investors in 40 years, the prevailing sentiment was overwhelmingly one of caution and fear. Over the last quarter, it feels like we have very quickly shifted from caution and fear to excitement and a willingness to take-on more risk and chase higher returns. As Portfolio Managers, one of the most important roles we play is to help keep our clients emotional and behavioural biases under control. We build portfolios that help our clients get through down markets without having to sell off their investments at depressed values or realize losses. Correspondingly, when market performance swings dramatically to the positive side, we help prevent our clients from wading too far out of their risk-spectrum as they seek higher returns. As everyone receiving this newsletter is likely aware by now, we avoid getting too worked up over short-term market movements in either direction, focusing instead on longer-term portfolio objectives.

If you found something in here interesting, please don't hesitate to give us a call, we'd love to chat about it.



The Art & Science of Philanthropy

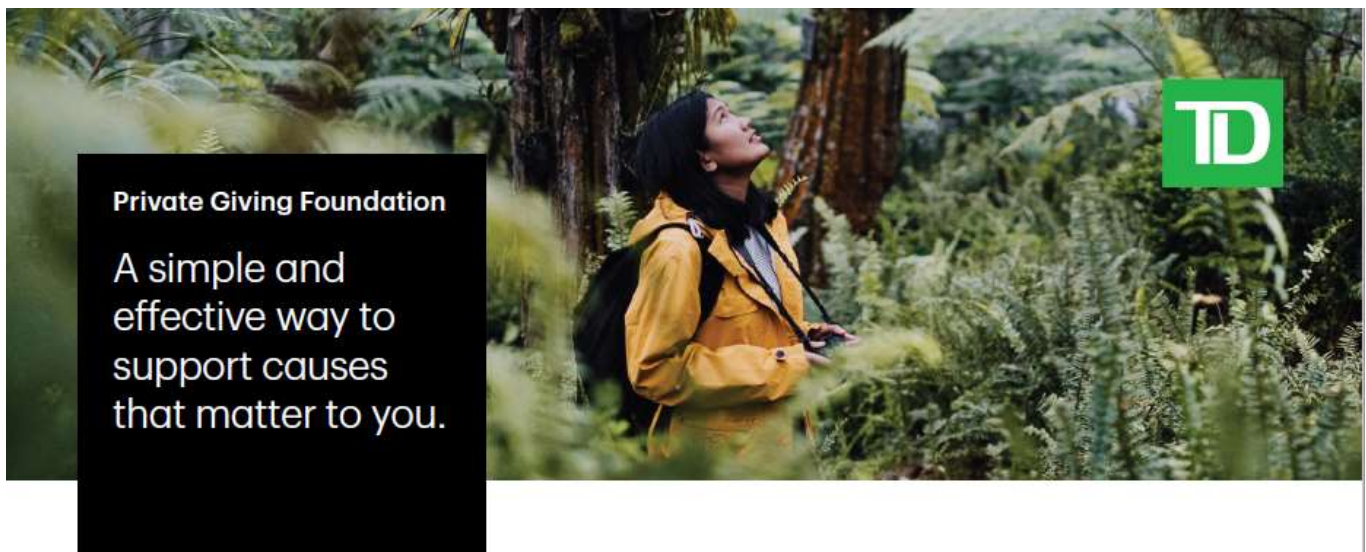
The Situation: A highly successful business-woman (client) informed us that she was looking at strategies to reduce corporate taxation. Having held publicly-listed securities for decades, the embedded capital gains if stocks were to be sold would be extremely high. A large percentage of the asset would be eliminated to fund the tax bill which left an unsatisfying feeling.

The Solution: After engaging our TD Wealth Advisory Service specialists and working with external tax and legal professionals, we recommended a charitable gifting strategy via the Private Giving Foundation, which would allow our client to donate the low-cost base securities in-kind and receive a charitable donation receipt eliminating 100% of the capital gains. Additionally, a charitable receipt was issued that could be used as a deduction for up to 75% of net income for the year. Further, as a private corporation, the company was entitled to a capital dividend account credit which allowed the shareholders to distribute tax-free capital dividends.

The Charity: Our client felt compelled to support a local cause that was near and dear to her and that she had supported for the last few decades. She proudly selected **Arts Umbrella** – a nonprofit whose mission is to deliver profound life experiences through arts education that inspire young people to live creative, authentic and courageous lives. She hopes that her donation will be centered around art therapy and the powerful way in which this can be used in hospitals for children ages 2-22. When young people connect with the arts, they gain self-confidence, develop self-discipline, and discover creative expression—qualities they carry with them for life.

The Donation: A record breaking **\$1 MILLION** was donated from the Private Giving Foundation to Arts Umbrella. The first of a series of on-going donations which form a corporate giving strategy for our client.

The Private Giving Foundation (PGF): As an independent public charity dedicated to encouraging charitable giving in Canada, we help you build a legacy of helping others. There are so many benefits we would love to share with you. To find out more, please reach out to us directly!





Notes for Tax Season

With the upcoming tax season in mind, our team would like to share some important information related to tax slips and documentation.

The TD Wealth **Year-End Tax Resource Package** contains important information for yourself and your tax advisor to review. The table below outlines the expected mailing-date of the package, and other relevant tax forms.

Tax Form	Expected Distribution Date
Year-End Tax Resource Package	February 16, 2024
T4 RIF	February 29, 2024
T5 Package	February 23, 2024
T5008	February 23, 2024
T3 (Trust Unit Income)	April 1, 2024 (potentially March 25)
RSP Contribution Receipts (March 1 st – December 31 st , 2023) and January 1 st – February 29 th , 2024 – Multiple Runs	Week of January 2, 2024, for any contributions made between March 2 and December 30, 2023. Weekly starting January 8, 2024, for contributions made in the first 60 days of 2024.

In order to ensure accurate and complete tax reporting, we strongly encourage our clients to provide their tax advisors with complete reporting packages once received by mail. If there is a unique circumstance related to travel, illness or missing mailed information, please email our team for support.

The Year-End Tax Resource Package is generated for personal non-registered accounts and corporate accounts with December 31st year-ends. It includes a realized capital gain & loss report, fee report, foreign property report, list of potential tax slips expected and other important information. Please ensure that your tax advisor receives a complete copy of this report.

NEW – Technology Enhancement

Tax documents are now available via eServices (WebBroker). Please log-in to WebBroker and follow the instructions on the pop-up prompt for one-time set-up of this new service.

- Get instant and easy online access to your account documents (statement / tax records)
- Be notified via email when new documents are available
- Keep sensitive information secure
- Access archived documents online
- Protect the environment



We Want to Hear from You

We want our dialogue with you to go beyond our formal portfolio reviews. We continually strive to enhance our services to serve you better. To do that, we would greatly appreciate your feedback.

- Are there specific topics or information you would like covered in our future newsletters?
- Is there interest in in-person workshops around estate planning, inter-generational wealth transfer, philanthropic gifting or ethical investing?
- Do you need help understanding your investment account statements?
- Are there any other areas of our service you'd like to discuss?

Your feedback is a valuable gift to us. Occasionally, you may receive an e-mail survey from TD Wealth which is *anonymous*. We believe you deserve exceptional service, and your honest input is crucial in helping us achieve that goal. If you find anything on the survey that falls short of a 10/10, we encourage you to reach out to us directly. Your insights are our compass for continuous improvement.



Reaching the Team & Announcements

Denise Skipp will be retiring from her role as Private Client Service Associate. Her last day will be March 26th, 2024. We wish her all the best in her retirement journey! Please reach out to Sabine Ciocan-Polder directly for any administrative related inquiries.

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