



# December 2024 Quarterly Update

As we conclude 2024, we would like to extend our gratitude for your continued trust in our team and TD Wealth Private Investment Counsel.

This quarter has brought some notable developments in the market landscape, including the U.S. election results, which carry potential implications for economic policy and global markets. We will share our insights on what we currently know and what we believe may impact investors in the months and quarters to come.

As we look forward, we would also like to share some key considerations for year-end tax planning and charitable giving to help you make the most of your financial strategies. We are excited to feature another major client donation in this edition, which was supported through the VGH & UBC Hospital Foundation.

As your Portfolio Managers, our focus remains on preserving and growing your wealth through strategic, informed decision-making. We wish you a wonderful holiday season and a prosperous New Year.

P.S. Tamara is currently off on maternity leave, expecting her second child. She looks forward to returning in the Spring of 2025.



Tamara Bonn, CFA, CIM<sup>®</sup>, BBA

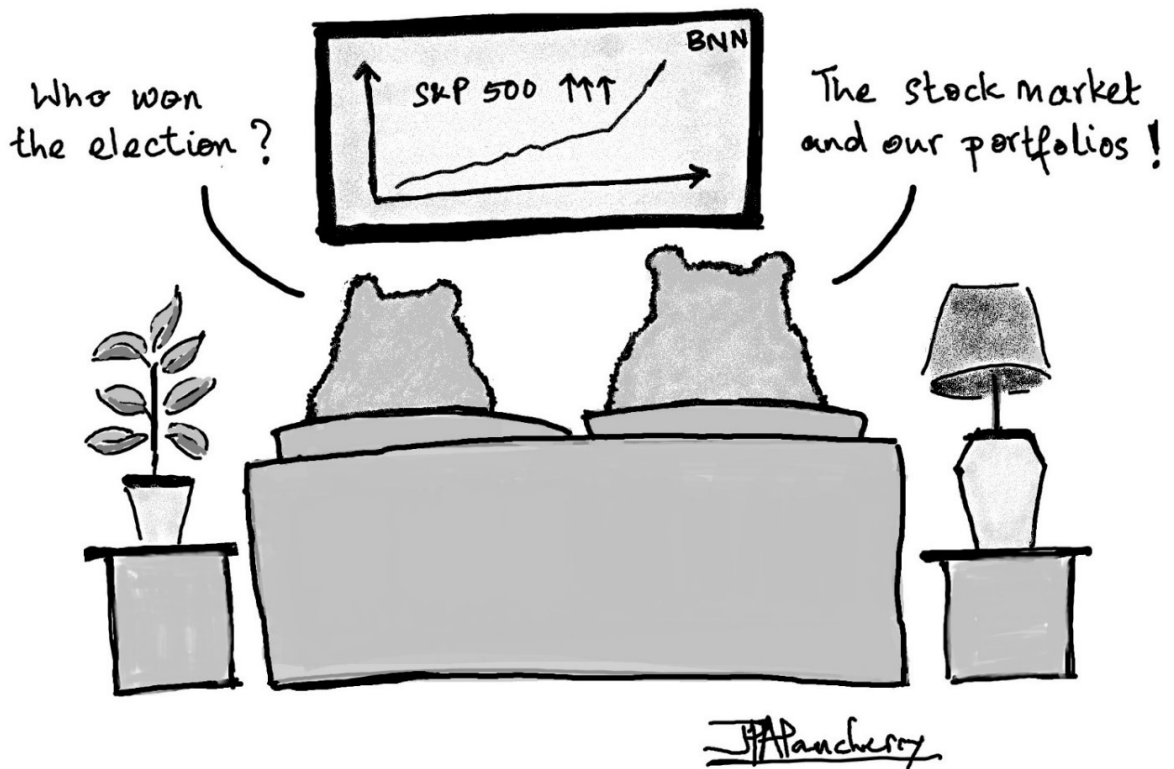


Nikola Gasic, CFA, BBA





## Market Reflections & Looking Ahead



Source: TD Asset Management, Jose Alancherry

As we reflect on conversations with clients over the last few quarters, we believed that the upcoming U.S. election would be incredibly difficult to predict and there would be a lot of uncertainty (or volatility) around the results. Global market strategists and policy experts used words like 'tight, contested, litigious, etc.' leading up to November 5th – bracing investors for an uneasy outcome. Instead, President-elect Trump racked up a decisive victory capturing all swing states, flipping the Senate with a significant majority, likely winning the house, and the biggest surprise of all – he won the Popular Vote. When looking at the data, polls faced scrutiny as they struggled to predict the election outcome accurately. Financial markets, however, were on point in reflecting Trump's win. This scenario underscores a growing view that markets can sometimes provide insights that polls miss, especially in a polarized and rapidly changing political climate. It also highlights the value of considering a wide range of data sources to gauge sentiment and expectations.

Let's talk about the implications – one week post (or November 12<sup>th</sup>) as of this writing. We can likely all agree that the election outcome was a clearing event, for the economy and the markets. Some may have heard the adage that "markets tend to climb a wall of worry" which was very true of this election. From the perspective of a corporate executive in America, many business decisions were likely on hold this year, which can now move forward. This thinking is what the market tried to predict, which can be a major boost for GDP and the business environment in general, potentially leading to higher U.S. equities performance and the continuation of an expansionary cycle in America.



## Market Reflections & Looking Ahead

On November 6<sup>th</sup>, the S&P 500 hit all-time highs, up 2.5% on the day after the election and up 5% on the week – the biggest one-day post-election rally in history. Small caps rallied, with the Russell 2000 up 8% on the week, Bitcoin (+10%) and U.S. Financials (+8%) all anticipating a less strenuous regulatory backdrop. Gold prices fell immediately following election results, due to rising bond yields, rallying stocks and a surging U.S. dollar. Historically speaking, investors often flock to gold during times of heightened uncertainty and persistent inflation. The metal has done well this year, due to a range of factors (geopolitical tensions, central bank purchases and declining interest rates), but the landscape has now changed.

If we look to historical data, TD Asset Management reviewed the last seven U.S. elections from the end of October (right before election day) to a year forward, highlighting that returns have been above average apart from the "2000 Dot Com" collapse. What wisdom can be gained from this trend? Is it simply the fact that there is removal of uncertainty which the markets deeply despise?

	1yr forward returns from Election						
	10/31/1996	10/31/2000	10/31/2004	10/31/2008	10/31/2012	10/31/2016	10/31/2020
S&P 500	32.1%	-24.9%	7.9%	14.3%	26.2%	23.6%	42.9%
Russell 2000	29.3%	-12.7%	10.1%	4.9%	36.3%	27.8%	50.8%
MSCI EAFE	5.1%	-24.6%	17.3%	11.8%	27.6%	24.1%	34.9%

Source: Bloomberg Finance, TD Asset Management. Data as of Nov 11, 2024

On average, since the end of WWII, markets are up double digits and -20% drawdowns are common in every presidential term. Of note, in the last eight decades, there were three presidential periods of negative stretches (Richard M. Nixon 1973 to 1974) and George W. Bush (2001 – 2009). This tells us that politics matter little. Put simply, we would be wise to look at other clues to predict the future such as the potential of a slow-down (recession), current stock valuations, earnings strength, manufacturing and inventory levels.

As we review the facts at hand, the risk of a recession in the U.S. seems unlikely. President-elect Trump has promised to 'end inflation', cut taxes and reduce immigration, while imposing tariffs on China and others. While most of these things would be good for the markets, it is too early to assess the specific details behind these actions. A confusing point is that inflation would likely be higher in the *short-term*, which could mean interest rates stay higher than otherwise expected in the U.S. As we mentioned earlier, this has implications around the USD, in addition to precious metals and bond yields / prices. Medium and long-term outcomes are harder to predict.

From a high-level, macro-perspective, the U.S. appears to be in an economic recovery, with strong earnings this year and in the future, stable inflation and bullish sentiment. From January 1<sup>st</sup> – November 12<sup>th</sup>, 2024, in Canadian dollars, the S&P 500 is up 25.82%, followed by the S&P TSX up 18.28%. Gold is up 19.87% and WTI Oil is down -4.69%. Most investors, except those with large sums of cash on the sidelines, have likely experienced one of the best years in history.



## Client Spotlight: A Legacy of Giving Back

This quarter, we are honored to feature a client whose recent philanthropy is making waves in the medical community. Her transformative donation of nearly \$2,000,000 through an in-kind, corporate donation of securities, is supporting two exciting innovations through the VGH (Vancouver General Hospital) & UBC (University of British Columbia) Hospital Foundation:

- The purchase of an Autocutter, which is an instrument that will be used at VGH's Pathology Lab to cut ultra-thin tissue sections for microscopic analysis. This expands the lab's technological infrastructure to meet growing demand for more effective and efficient diagnostics and boldly moves VGH towards a new era of precision oncology in the patient journey of care

*Anatomical Pathology is where tissue and organs are analyzed to determine the causes of disease and to test for treatment strategies. For the tissue to be analyzed, it needs to be painstakingly prepared in a precise fashion; and at VGH, due to the lack of automation in the lab, this process involves multiple manual steps that take time, resources and are prone to human error. The Autocutter combines several steps into one, readying 900 tissue slides in just three hours versus the current 1,000 slides per day.*

- The purchase of a Sequencing System at the Centre for Brain Health that can rapidly decode vast amounts of genetic data into meaningful information for researchers. This comprehensive analysis is particularly important for the identification and validation of previously unknown biomarkers that could be the key to understanding and developing diagnostic tests for rare neurological conditions.

*A biomarker is a measurable signal in the body – such as a protein in the blood – that can reveal the presence or progression of a disease or disorder. In neurology, biomarkers are a promising new frontier and for the first time, researchers and clinicians are gaining direct access to what is happening in someone's brain through a blood test. Earlier, accessible and more accurate diagnosis means faster treatment, better outcomes and a significant reduction in the emotional and physical toll on patients and their families*

Our client's generosity will not only have a lasting impact on the VGH but also on countless lives in the community. Her dedication to improving healthcare access and outcomes reflects the powerful role philanthropy plays in driving progress.



# Year End Tax Planning & 2025 Reminders

## 1. Tax-Loss Selling (TLS) - 2024

- *Deadline:* Transactions must settle by December 31<sup>st</sup> to be effective for 2024
- *Purpose:* Offset capital gains from earlier in the year to potentially reduce 2024 tax liability in taxable accounts (non-registered, corporate or trusts). If you have a net capital loss on your return, you can carry it back up to three years and forward indefinitely
- *Superficial Loss Rule:* Avoid repurchasing the same security within 30 days to prevent disqualification of the loss

The Bonn Gasic Group Wealth Management proactively reviews any potential TLS opportunities each year and considers the tax vs. investment implications of each portfolio. There may be limited TLS trades in 2024 due to strong asset-class performance

## 2. Charitable Giving - 2024

- *Giftting Appreciated Securities:* Donating publicly traded securities in-kind (stocks, funds, etc.) can eliminate capital gains taxes on the asset and provide a donation tax receipt for the full market value resulting in a combined tax benefit
- *Tax Credit Calculation:* Canada offers both federal and provincial tax credits for charitable donations. As an estimate, a \$10,000 donation generates a tax credit (often close to half the donation value, depending on the province)
- *Donor-Advised Funds (via TD Private Giving Foundation):* There are many factors to consider when thinking about giving. We would love to speak to you about your intentions and discuss how we can maximize the impact of your contributions today and at estate time.

## 3. Tax-Free Savings Account (TFSA) Contributions - 2025

- *New Contribution Room:* The 2025 annual limit will be added on January 1<sup>st</sup>, which is expected to be \$7,000. For clients who have an auto-contribution, the transaction will occur around mid-January
- *Considerations:* TFSAs offer tax-free growth and withdrawals, making them ideal for wealth-building and flexible access to funds in retirement. Maximizing contributions early in the year can optimize tax-free growth potential

## 4. Registered-Retirement Savings Plan (RRSP) Contributions – 2025

- *Contribution Limit:* The lesser of 1) 18% of earned income from 2023 or 2) \$31,560 (max dollar limit). Contributions made by March 1<sup>st</sup>, 2025, date can be applied against income for the 2024 tax year, which can help reduce your taxable income and defer taxes. Please refer to CRA My Account or send us your Notice of Assessment

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