



## WERNER MAYBURY WEALTH MANAGEMENT

### Market Update | *January 29, 2025*

In this edition of our newsletter, we would like to take a brief look back at 2024 and touch on expectations for 2025.

In 2024, although the typical Santa Claus Rally didn't emerge, both Canadian and U.S. equity markets finished the year with very strong performance, both posting returns above 20% for the year. We saw volatility in bond yields, with Canadian yields moving much lower than the U.S., given the later stage of the interest-rate cutting cycle we are in comparatively. The Bank of Canada cut rates from 5% to 3.25% and the U.S. Fed cut from 5.5% to 4.5%.

More important than where we have been, is where we are going. In 2025, we are expecting more modest but still positive returns in the equity markets on both sides of the border, more in line with the historical average. Our strategists at Raymond James anticipate returns in the 8-8.5% range for the year, with volatility along the way, primarily from geopolitical headlines stemming from our southern neighbours. After today's 25bp rate cut bringing us to 3.00%, the Bank signaled that the future is hard to predict given the tariff risk, but we would not be surprised to see more cutting, given the still weak economy in terms of GDP growth and productivity, and an inflation problem that has largely been tamed. Immigration restrictions by the Canadian government and potential tariffs imposed by the U.S. and Canada in retaliation would put further pressure on consumer spending and residential investment, resulting in lower-for-longer rates.

In the U.S., the economy and the consumer has proven to be much stronger than in Canada and inflation has been stickier, so the rate and degree of Fed interest rate cuts will likely be fewer and slower than in Canada. Many policies touted by Trump, like tax cuts, tariffs, and deregulation are inflationary, further suggesting the Fed would need to keep rates higher and more restrictive. On the other hand, tax cuts and deregulation are business-friendly and theoretically positive for the equity market performance.



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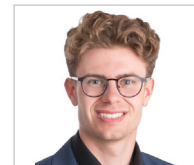


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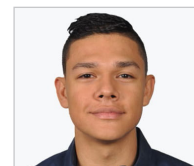


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## So, what does this mean for your portfolio?

The focus for most investors, at the moment, is the threat of tariffs from the U.S. It is unclear, at this point, what the scope and depth of any tariffs will be and, therefore, we are not overhauling portfolios based on unknowns. While we remain confident in the investments we hold, we may make minor adjustments to our positioning once more information becomes available, and we will be in touch if there is something we feel we need to do in your portfolios. We remind you that, in times of volatility, it is important to remain rational, as we focus on long-term goals rather than short-term market fluctuations.

Generally speaking, the AI trade and U.S. government investments will likely continue benefiting the technology sector this year, but more companies should participate in the market momentum, as gains broaden beyond the dominant Magnificent Seven. We expect the sectors to benefit most in 2025 to include industrials, as they stand to benefit from government infrastructure spending and energy-friendly policy, and financials, given the soft-landing we appear to be approaching, normalizing yield curves, and deregulation in the U.S. Energy services should also benefit from Trump's "Drill, baby, drill" motto but producers might suffer from weaker prices.

On the fixed income side, we expect lower bond rates for longer in Canada as cutting continues. Fixed income still plays an important role in portfolios despite the lower rates compared to a year ago. Yields in the U.S. will stay higher than Canada, especially if inflation reignites again, driven by policies.

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## Featured Articles:

### *Canadian and U.S. Retirement Benefits: Social Security, CPP and OAS*

For individuals who have lived and worked in both Canada and the U.S., retirement benefits from both countries can generally be collected. These individuals benefit from the Canada-U.S. Totalization agreement, which prevents double taxation of benefits and protects benefits for people who have worked in both countries. You can read the full article [here](#).

### *Understanding Probate: What you need to know*

[This article](#) provides an outline of what probate is, the fees associated with it, and ways to potentially avoid probate fees. There are strategies to put in place ahead of time to simplify this process, when the time comes, and reduce the probate fees. If you have any questions surrounding probate or would like to do a review of your estate plan, please reach out to our team.

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## In The News

As you know, Trudeau announced his resignation as Canada's Prime Minister and leader of the Liberal Party of Canada on January 6th. [This article](#) summarizes the next steps we will see for Canada in the coming months. The liberals have announced that they will vote for their new leader on March 9th, [here](#) are a few of the main candidates at this point in the discussion.



**Upcoming Client Webinar:**  
**Top 5 Reasons Why Estates Get Into Litigation – And How to Avoid Them**

Our next Client webinar is on February 20th at 10:00am Pacific Time. David Rosenbaum and Eric Clavier of the Fasken law firm, and Damian McGrath from Solus Trust will discuss the top 5 litigation-triggering planning mistakes people make that all but ensure that an estate will be put to the delay and expense of litigation, and provide tips on how to avoid them.

Please [click here](#) to register. You can also [email](#) us to register or request the recording to be sent if you are not able to attend.

2025 Important Dates and Amounts	
Deadline for RRSP Contributions for 2024	March 3rd, 2025
2025 TFSA Contribution Limit	\$7,000
2025 FHSA Contribution Limit	\$8,000 + up to \$8,000 of carry-forward room



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