

Hassan Fox Wealth Management

Market Commentary

Interest Rate News

As we enter 2024 we continue to see optimistic signals for both fixed income and equities. First, recession probability models continue to show improvements with odds of a downturn in economic activity ticking further down. Secondly, as mentioned in previous monthly updates, securities markets are primarily influenced not by absolute numbers, but by the trajectory of key macro variables. On that note, the situation for inflation has improved significantly with the Bank of Canada's 2% target range in sights for 2024. Two areas which still have room for progress, but are expected to improve in 2024, are economic growth and housing momentum. Lower and more stable interest rates are drivers of these factors. As always, the stock and bond markets will factor in these improvements well before we see the evidence in the "real world".

Portfolio Strategy

After a tough 2022 calendar year, both the TSX and S&P 500 ended 2023 on a positive note. December added on to November's strong gains allowing equity markets in both Canada and the US to post strong numbers for the year. For fixed income markets, a similar story occurred, though gains by bond indices for 2023 weren't quite able to make up for losses seen in 2022. While equity markets show slightly positive 2-year performance numbers when combining 2022 and 2023 returns, bond indices are still showing negative 2-year numbers.

In our portfolios, we remain slightly overweight to equities relative to our target weighting and as a result

In fixed income, we sold one of our preferred share positions and used the proceeds to ultimately add an individual RBC bond. Banks continue to offer attractive fixed income yields with relatively low risk profiles. In equities, we sold our positions in Johnson Controls and Honeywell and purchased Carrier Global Corp and Parker Hannifin – both in line with our Industrials theme. Our portfolios are essentially fully invested as we move into 2024.

Taxes and Investment Accounts

As we turn the calendar to 2024, there are a number of items to highlight with regards to taxes and investment accounts.

- TFSA contribution limits for 2024 have been increased to \$7,000, an increase from \$6,500 in 2023.
- With 2024 being a leap year, the RSP contribution deadline for 2024 is February 29th.
- RSP contribution limits are 18% of earned income with a maximum of \$30,780 for the 2023 tax year (please refer to your Notice of Assessment for your personal information).
- First Home Savings Accounts, introduced in 2023 have an \$8,000 annual contribution limit. You can carry forward one year of contribution limit.
- OAS payments will increase to \$713.34 for those age 65 to 74 and will increase to \$784.67 for those 75 and over.

slightly underweight to fixed income. We made a number of small changes to our portfolios during the month.

- The OAS claw back has been increased to start at \$90,997 of earned income and will top out at \$148,065 of earned income.

As always, should you have any questions please do not hesitate to contact us.



Hassan Fox Wealth Management

Faisal Hassan CIM®, PFP® | Portfolio Manager, Senior Wealth Advisor, Senior Investment Advisor | 416-590-7620

Brad Fox, CIM® | Portfolio Manager, Senior Investment Advisor | 416-590-7606

Erik Olesen, CFA, CFP®, CIM | Portfolio Manager | 416-590-7644

Suzanne Probyn | Investment Representative | 416-590-7608

Tanishq Chatterjee | Investment Representative | 416-590-7633

www.hassanfox.com | toll-free: 1-800-567-2626
| fax: 416-590-7601



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Wealth Management

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