

## Hassan Fox Wealth Management

# Market Commentary

## Portfolio Strategy

In a widely anticipated move, the US Federal Reserve (“Fed”) cut interest rates in mid-September. What was less certain was the amount the Fed would cut rates by, which ended up being 50 basis points, rather than the standard 25 basis point cut. This signaled that the most important central bank in the world is serious about engineering a so-called “soft landing” where the economy avoids a recession. If this is achieved, the implications for the stock and bond markets will be positive, with the S&P/TSX potentially well positioned given its high concentration of interest rate sensitive stocks (which benefit from lower rates), leverage to global economic growth through natural resources, and its cheaper valuation. The implications of rate cuts and the steepening of the yield curve, which we is also occurring, have both historically been good omens for stocks.

Continuing with comments on the Fed’s interest rate announcement, BMO Economics noted: “The Fed cut policy rates by 50 basis points, lowering the target range for the Fed funds rate to 4.75%-to-5.00%. Apart from the market pricing in more than half this move, the reason for the large start was clear in the policy statement... inflation had improved, and the labour market had deteriorated sufficiently to warrant a bigger (than 25 basis points) action”. Looking ahead, further rate cuts are signalled with expectations of another 50 basis points of cuts for this year, 100 basis points next year, and 50 basis points in 2026 to 2.875%. Similarly in Canada, the Bank of Canada is expected to have two additional 25 basis point cuts in the first half of 2025, and further quarter-point rate cuts in 2025; this would be an additional 7 times in total (after the cuts at the past three meetings). That combination of 10 consecutive 25 basis point cuts would reduce

the overnight rate in exactly half from its prior peak of 5.0% to 2.5% by July of next year.

For the month of September, we made one minor change to our North American equity portfolios, taking some profits in Cameco and using the proceeds to purchase Canadian insurance company, Sun Life Financial. Our asset mix stayed consistent month-over-month, with a slight underweight to equity, underweight to fixed income and an overweight to cash. Markets have experienced three quarters of strong equity performance in 2024. Looking ahead, we plan to deploy our small allocation of cash as we enter the seasonally best time for equities.

## Transferring Your Wealth Efficiently

Many parents and grandparents have already accumulated wealth. They would like to help their children or grandchildren financially as they move forward in life. One strategy is to use an investment account: a Registered Education Savings Plan (“RESP”), Tax-Free Savings Account (“TFSA”) or non-registered investment account as a way of transferring wealth. In looking for ways to transfer their wealth in a manner that maximizes the impact and value another alternative to consider is through The Wealth Transfer Strategy: Using a Permanent Life Insurance Policy. See the attached document for more details.

[InsuranceTransferringWealthEfficiently.pdf \(265.6 KB\)](#)

### **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, Financial Planner, Senior Wealth Associate | 416-590-7644

**Suzanne Probyn** | Client Service Associate | 416-590-7608

**Tanishq Chatterjee** | Client Service Associate | 416-590-7633

[www.hassanfox.com](http://www.hassanfox.com) | toll-free: 1-800-567-2626 | fax: 416-590-7601

