



Dear Valued Client,

January 2025

Welcome to 2025! We hope this year brings you good health, wealth and happiness. On behalf of the CANFIN Client Care Team and your Advisor, we are pleased to share some key financial updates and insights to guide you in investing, saving, borrowing, and filing your personal income tax returns.

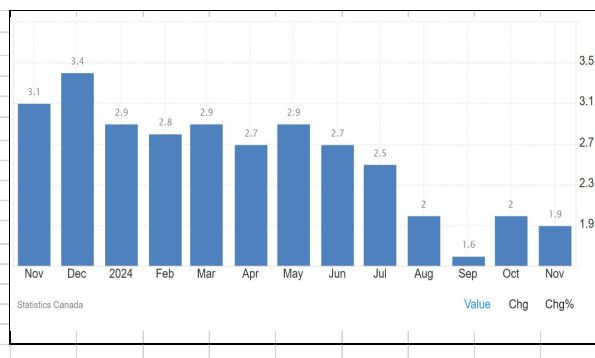
Where is the economy today, and what lies ahead in 2025?

As shown in the table below, 2024 was a year of modest economic growth, declining inflation, and strong stock returns. One of the most positive developments was the general decline in inflation, from 3.4% to 1.9% in Canada. With low inflation, Canada, like most central banks, has begun rate cutting, which should continue in 2025 provided inflation remains in check. All asset classes delivered positive returns in 2024: Short-term and total-market Canadian fixed-income indices produced 5.7% and 4.2% returns, respectively, while Canadian and US equities delivered 21.7% and 34.3% returns in Canadian dollars. International equity markets returned 12.6%. In 2024, the U.S. dollar also gained 8.66% against the Canadian dollar.

We’re now halfway through the decade of the 2020s and have seen positive results over these five years. Admittedly, the market’s steep drop when the global economy shut down due to COVID-19 in 2020 and the poor returns of 2022 were challenging. Bond annualized returns were muted from 2020 to 2024, ranging between 0% and 2%. However, disciplined investors were rewarded with substantial equity returns. The Canadian and US markets returned 11.1% and 16.2% (annualized), while international equity market returned 6.9%. Over the last 10 Years, long-term investors were rewarded for staying the course!

As at December 31, 2024 INDEX (in Canadian Dollars)	Simple		Compound Annual Returns				
	%	%	%	%	%	%	5-Year
	1-MONTH	YTD	1-YEAR	3-YEAR	5-YEAR	10-YEAR	STD DEV
Inflation (one month lag)	0.00	2.21	1.89	3.91	3.47	2.58	1.49
Canadian Fixed Income							
Treasury Bills	0.31	4.71	4.71	3.71	2.36	1.64	0.61
Short-Term Bonds	0.38	5.70	5.70	2.13	2.13	1.93	2.59
Total Bond Market	-0.69	4.23	4.23	-0.60	0.79	1.98	6.55
Equity Markets							
Canada Total Market	-3.27	21.65	21.65	8.58	11.08	8.65	15.96
US Equity Total Market (in CDN Dollars)	-0.47	34.31	34.31	12.71	16.23	14.98	14.72
International Equity (Large & Mid Cap)	0.33	12.63	12.63	6.07	6.90	7.47	13.23
Exchange Rate (C\$ to US\$) \$1.4393 : 1			8.66				

Source: DFA Web



The year 2025 brings new risks and opportunities. Some investors may be concerned about elevated stock prices and the impact of political risk on portfolios. At CANFIN, our Wealth Advisors assist with managing risk in several ways through the funds they select for your portfolio. Three of these are particularly noteworthy: *First, a portion of most portfolios is invested in bonds, which reduces volatility. Second, portfolios are diversified through hundreds of individual securities, eliminating the risk of permanent catastrophic losses. Third, portfolio rebalancing favors capital preservation, as gains from rising stock prices are used to replenish bond allocations through frequent reviews and client profile and risk updates.*

In 2025, we will remain faithful to our time-tested strategy: investing with a long-term mindset, ignoring distractions from market gurus and new investment fads, staying fully invested through market ups and downs, managing risk prudently, and optimizing taxes and costs to help investors reach their financial goals. Should your goals change to the shorter term due to a life event, please speak with your advisor!

MEMBER COMPANIES: ● CANFIN MAGELLAN INVESTMENTS INC. ● CANFIN CAPITAL GROUP INC. ● CANFIN MANAGEMENT INC. ● CANFIN MORTGAGE AND EQUITY INC. ● CANFIN PRIVATE WEALTH INC. ● CANFIN REALTY SERVICES INC.

OTHER FINANCIAL PLANNING MATTERS

Home Affordability - While home affordability remains a concern for many Canadians, it should become easier in the months and years ahead if you are considering buying your first or second home. This is due to falling financing rates and modest real estate price increases, as shown below. Across the country, the market appreciated modestly, depending on the region. At the same time, mortgage financing rates have been declining and are currently between 4% and 5%, depending on the financial institution. For many of our clients, confidence in purchasing a home is rising, especially for those taking advantage of the First Home Savings Plan (FHSA) and the RRSP Home Buyers' Plan (HBP). Below is a cross-section of house prices and mortgage rates across Canada. Any questions regarding real estate or mortgages, tell us about it.

Average Home Prices (Year over Year) in Select Cities & The National Average in Canada						
Period	Vancouver	Calgary	Toronto	Montreal	Halifax	Canada Average
Dec-24	\$ 1,171,500	\$ 572,400	\$ 1,061,900	\$ 542,900	\$ 533,500	\$ 676,640
Dec-23	\$ 1,166,400	\$ 547,700	\$ 1,060,400	\$ 506,800	\$ 513,100	\$ 660,165
% Change	0.44%	4.51%	0.14%	7.12%	3.98%	2.50%

Source: CREA - The Canadian Real Estate Association

Today's Mortgage Rates

As of January 19, 2025

	1-Year Fixed	2-Year Fixed	3-Year Fixed	4-Year Fixed	5-Year Fixed	5-Year Variable
Lowest Rates	4.79% Inquire	4.64% Inquire	4.09% Inquire	4.19% Inquire	4.09% Inquire	4.4% Inquire
Average Rates (10 Lenders)	6.75%	6.07%	5.16%	5.12%	5.04%	4.94%
30-Days Change of Average Rates	↓ -1 bps lower	↓ -1 bps lower	↑ 1 bps higher	0 bps higher	↑ 3 bps higher	↑ 2 bps higher

The basket of 10 lenders includes: CIBC, BMO, TD, Scotiabank, RBC, National Bank, Desjardins, nesto, Tangerine, First National.

Income Tax Filing - For the upcoming tax season, please note the following important dates for 2025 to help you stay on track with key documents and events until your returns are filed with the CRA: March 3, 2025 – RRSP Contribution Deadline, March 31, 2025 – Normal Tax Filing Due Date for Trusts, April 30, 2025 – Last Day to File Your Individual/Personal Tax Return, June 16, 2025 – Self-Employed Individuals' Filing Deadline (Note: Payment for employed and self-employed is due by May 1 if you owe the CRA)

In conclusion, we are always here for you. Your patronage, loyalty, and support are what make our partnership successful. Our goal is to deliver sound financial advice to guide you through the various ups and downs of saving and investing, minimizing taxes, getting out of debt sooner, and having your estate in order. Please continue to also do your part, by arranging for your annual reviews and informing us if there are any changes to you or your family financial or life, employment or financial situations.

We are grateful for your continued trust and partnership and look forward to serving you in 2025!

Sincerely;



D. Tony Mahabir, MBA, CMC, CIM, RWM, FDFS, RRC, CFP
Chief Executive Officer - CANFIN Wealth Management

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