

# SLATER FINANCIAL GROUP

Slater Chronicles January 2025



*I hope 2025 has started off on a positive note for you and your family.*

*As we enter the new year, I find it invaluable to take a moment to reflect. Looking back on the past year allows us to reaffirm the principles that guide us in wealth management, planning, and investing – principles that have stood the test of time.*

*I'm please to share that 2024 was another highly successful year in our journey toward achieving your most meaningful financial goals. Your plan and portfolio remain steadfastly aligned with these goals, driven by planning rather prognostication about the economy or the markets. I'm confident this approach will continue to serve us well in the year ahead and beyond.*

*As always, I'll restate some of our core beliefs and comment on the current economic/financial backdrop. The link to our complete 10 Principles of Long-Term Wealth Creation can be found [here](#).*

*Mark*

## TIMELESS INVESTMENT PRINCIPLES

### Goals-Based Planning

Long-term investment success is most reliably achieved by continuously acting on a well-considered plan.

### Avoiding Reactionary Policies

Investment strategies based on short-term economic, financial, or political trends often falter in the long run because of circumstances or events that weren't foreseen.

### Market Predictability

The economy cannot be consistently forecast, nor can the market be consistently timed. Thus, we conclude that the highest-probability method of capturing the premium long-term returns of investing in a broadly diversified portfolio of enduring high-quality companies is to remain invested all the time.

## Investment Philosophy

We remain focused on being long-term business owners instead of speculators on the near-term trends of stock prices. Earnings and dividends drive the long-term value of businesses, not elections, the amount of national debt, interest rates, international conflicts or geopolitical events.

## Business Resilience

History shows that mainstream market declines, though frequent and sometimes deep, have always been overcome as successful, leading companies to continue to innovate and adapt to their changing environment.

## Inflation vs Market Volatility

The most significant long-term risk for an investor is the permanent erosion of money's purchasing power due to inflation and taxes. Historically, investing in a diversified basket of enduring high-quality companies has been one of the best ways to ensure your money's purchasing power has consistently stayed ahead of inflation.

# CURRENT COMMENTARY

## Market Review: A Strong Year for Equity Investors

2024 was a remarkable year for diversified equity investors, driven by the continued outperformance of major technology stocks. Encouragingly, market breadth improved as gains began to extend beyond these dominant players, hinting at a more balanced market. While stretched valuations raised concerns late in the year, history shows that valuations alone are poor market-timing indicators.

## Economic and Political Backdrop

The U.S. presidential election concluded decisively, and the economy demonstrated resilience. Despite a cooling job market due to tighter monetary policy, corporate earnings and dividends reached record highs, with further growth expected in 2025.

In Canada, unemployment averaged 6.3%, reflecting a tight labour market, while TSX corporate earnings hit new highs, supported by the energy and tech sectors. Dividends continued to provide steady income for investors.

## Inflation and Interest Rates

Inflation remained a challenge, ending the year at 1.9% in Canada and 2.7% in the U.S. Both central banks worked to balance inflation control with economic stability. The Bank of Canada reduced its benchmark rate to 3.25% after five cuts in 2024, while the U.S. Federal Reserve lowered rates to 4.25–4.50% following three cuts.

## Optimism: The Only Long-Term Realism

As we reflect on the past year and look toward the future, we remain steadfast in believing that optimism is the only long-term realism. The most innovative, dynamic, transparent, and enduring companies and economies have proven, time and again, their ability to adapt, seize opportunities, and rise above challenges. This capacity for reinvention and growth underpins our confidence in the long-term trajectory of the markets.

# WORKING WITH YOUR ADVISOR

In a rapidly evolving world, resilience is essential for investors. While inflation and unforeseen economic shifts may bring challenges, they also drive progress and innovation.

At Slater Financial Group, we are committed to guiding you through these changes with focus and clarity. Together, we will ensure your strategy remains aligned with your goals, whatever surprises may come.

We welcome your questions and look forward to connecting with you in 2025. Thank you for the privilege of serving you and your family.

## Reach out to us

At Slater Financial Group, we're happy to speak with you or your family members, friends or colleagues trying to navigate many of these details. In addition, our clients have the benefit of tapping into the many resources available to us here at CIBC.



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## About us

### **Your Trusted Partner in Wealth Management: *Empowering Families, Enriching Futures***

Since 1995 we have made ourselves available to act as a sounding board for anyone who may need urgent financial advice or just a second opinion. We have been able to help many families by providing comprehensive wealth management services. As a result, our business now comes to us almost exclusively through referrals.

So, if you're approached by a friend, neighbour or family member, or if you know someone who needs a sympathetic ear, please let them know we always have time to listen, and do our best to help. By making ourselves available this way, we're striving to make people's financial lives less stressful and better, knowing that we're "*doing well by doing good.*"

### Past newsletters

### Blog

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**created a tax-free dividend that he can take out of his corporation, now or in the future and his corporation received**