



## Neil's Monthly Update & Farewell To Cheri - January 2025

Happy New Year! As we say goodbye to 2024 and welcome in 2025, it would appear that the headlines continue to keep us on our toes.

We entered 2024 with a little trepidation and exited with a deep sigh of relief. Despite starting the year with lingering inflation, high interest rates, and threats of recession, markets globally (for the most part) surprised to the upside with the US and Canada among the top performers. Much changed during the year, including the direction of interest rates, and the strength of the US economy. The probability of recession in the US has now fallen to 20%. Unfortunately, the same cannot be said about Canada.

Canada starts the year with a government in recess while we are headed into a tense negotiation with the US and substantially higher risks of recession. Luckily, a lower interest rate environment has provided some well needed slack to the system. It seems likely that rates will fall further. Clearly there is work to do. It remains to be seen how the leadership drama plays out but the sooner the better for many reasons.

Also of concern is a market that has been highly concentrated in the big tech names and seemingly anything to do with AI. The top 8 companies provided 50% of the returns for the S&P 500 last year. This is eerily reminiscent of the hype in tech names at the turn of the century before the "tech wreck"

collapse. We would certainly feel more comfortable if the breadth of market participation improved. Even a little correction would not be a bad thing to restore some common sense to what are bubble-like valuations. So, we will take the win that was 2024 and proceed with caution as we enter 2025!

In other news, it gives great pleasure to let you know that Cheri has come to the end of her exceptional career. She will be stepping aside at the end of January to spend more time with her family and exploring her many travel pursuits. As many of you know she has been a rock for our team and Wayne Huk before that. Always the consummate professional, she brought a hard work ethic, a high level of integrity, and always a great sense of humour to work every day. In her humble manner, she will undoubtedly deny, but she was completely a role model for many of the up-and-coming employees in the office. Her leadership is hard to replace, and her grace will be missed but ultimately, we feel extremely grateful for the time we have had to share with her and the lasting legacy she will leave with our team and clients. Thank you, Cheri!



All the best for 2025! Change is inevitable but we will do our best to always be prepared. Thank you from your team at the Bosch Investment Group.

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