

November was a phenomenal month. August-September-October was an escalator ride down. November was a quick elevator ride up.

What happened?

- The markets became more convinced that the central banks around the world have finished hiking their interest rates.
- The rates on US Treasuries (i.e. government bonds) peaked on October 19th. The stock market stopped sliding on October 27th. Risk aversion was replaced by 'risk-on' appetite. Retail investors increased their exposure to equities.
- There was a snowball effect also. Once the markets start going up, the '*fear of missing out*' syndrome (FOMO) often appears. So buying begets more buying.

My opinion is that investors who think '*I will start investing when rates are significantly lower*' might be coming too late (e.g. maybe in 2025?) and at much higher prices. I have admiration for the investors who piled into the markets in late October and early November. Those investors were not waiting for an official '*it's all clear and now safe to invest*' signal. There is no such thing. The early quick money is often made when things seem at their darkest but there is some hope light might be seen at the next turn in the tunnel. Phrased differently, the most money is often made when the decision to invest is most difficult and uncomfortable to make.

2023 was a year when the top U.S. tech stocks with high exposure to Artificial Intelligence did extremely well - the so-called Magnificent Seven. I believe we have just started to see a more broad rally in stocks (this should help Canadian stocks also), and this will continue into 2024. For example, U.S. regional banks and real estate stocks did very well in November. I am also have been of the belief over the past two months that interest rates are already past their peak. So returns on fixed income/bonds should be decent in 2024.

Bottom line: a well-diversified portfolio should do well over the next 12-to-24 months. GICs/term deposits are probably past their point of maximum potential benefit relative to well-diversified portfolios.