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KPW NEWSLETTER

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GOING TO DO
WITH ALL THIS
FUTURE

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IMAGINE YOUR FUTURE

"Our goals can only be reached through a vehicle of a plan in which we must fervently believe, and upon which we must vigorously act. There is no other route to success." - Pablo Picasso

THE WAY I SEE IT

A CRAZY YEAR!

Each January, as I sit to write my newsletter article, I reflect on the previous year for inspiration. While doing this, it occurred to me that the best way to summarize 2023 is as follows: "What a crazy year".

How else could you describe a year where the following was experienced:

Suspected Chinese spy balloons spotted over American skies for days before President Biden ordered the military to shoot them down.

Anhueuser-Busch's decision to partner with transgender activist and influencer Dylan Mulvaney, led to widespread boycotts which all but destroyed the brand.

Colorado Republican congresswoman Lauren Boebert was escorted from a Denver theater for allegedly vaping during the show.

Smoke and ash from wildfires burned across Canada bathing U.S. cities and states in unhealthy air.

Microsoft announced a $10 billion investment into OpenAI which sparked a slew of competitors causing AI to emerge into the forefront of technology. Reports predicted that GenAI has the potential to add up to $4.4 trillion in value to the global economy.

Hamas attacked Israel killing more than 1,500 civilians and sparking a relentless counteroffensive that has evolved into widespread protests around the world.

On July 4th, the Earth experienced its hottest day since at least 1979, with a global average temperature of 62.92 degrees Fahrenheit.

For the first time since 1987, sales of vinyl records exceeded CD sales.

Donald Trump became the first former U.S. President to have their mug shot taken.

I could go on but I think I have made my point, it was a crazy year!

The craziness was widespread. In December, the Dow Jones Industrial Average logged its sixth record high after taking almost two years to come back post COVID, despite dealing with sticky inflation, aggressive interest-rate increases and Russia's war in Ukraine, and a constant reminder that a recession loomed over us.

Fortunately, the Fed signaled that it could cut interest rates in 2024, sending investors into a panic buying mode. Unfortunately, Fed Chairman Jerome Powell has left the door wide open to further rate increases if required. It does put us in a bit of a conundrum. Reducing interest rates will stimulate the economy and lift markets which will create more inflation calling for higher interest rates. I do not envy the job of the Fed Chairman these days.

Still, with all the craziness around us it seems the equity markets have been in the midst of a major euphoria and exuberance to close out 2023. The probability that the Fed can achieve a soft-landing is growing and many are now stating that a general recession is unlikely but that certain industries can be effected more than others.

The Way I See It, a lot has to go right in 2024 to justify any significant increases in equity and bond markets. There are still too many inconsistencies we are dealing with. For example, aggressive Fed easing is already being priced into the markets yet the easing is the exact action that is suggesting weakness in the economy. Easing is also leading to forecasts that corporate earnings could grow quite bullishly. Let's face it, any scenario where earnings are growing is not one in which the Fed will likely cut interest rates, at least not as quick as we would like to see. Some suggest they may even do the opposite and raise rates.

Disclaimer

A CRAZY YEAR - CONTINUED

David Picton, from Picton Mahoney Asset Management believes that the "market bulls want to have their cake and eat too." I can't deny that. Picton also believes that 2024 will bring back its share of volatility as the soft landing narrative is challenged.

On a macroeconomic level, the U.S. economy may struggle to keep other nations' economies up for much longer. It is evident that many countries are slipping into recession or at the very least treading water. I see large economic countries like China who are struggling with deflationary pressures as its population shrinks and its housing market continues to implode.

The U.S. Leading Economic Index (LEI) fell by 0.1% in December which indicates an underlying weakness in the economy, but true to the crazy year we had, despite the overall decline, six of the 10 leading indicators that make up the index, make positive contributions to the LEI in December.

Justyna Zabinska-LaMonica, senior manager for business cycle indicators at The Conference Board said at a recent conference, "As the magnitude of monthly declines has lessened, the LEI's six-month and 12-month growth rates have turned upward but remain negative, continuing to signal the risk of recession ahead." Although this index has had a history of predicting recessions, since COVID it has proved to be less reliable.

2024 carries a lot of baggage that can quickly turn anything around, either from bad to good or good to bad. For example, should the tensions in the Middle East escalate, the risk of a rise in inflation increases through energy supply disruption. On the other hand a reversion back to a focus on fossil fuel production in the U.S. could lead to significant reductions in the price of energy.

The entire economic scenario we must deal with in 2024 make it difficult to determine a solid path to take with allocations. I suggest that investors split the year in half. My perspective of the first half of the year is that investors should take a cautionary approach while factors such as geopolitical tensions, potential ongoing Fed uncertainty surrounding rates, and concerns over global economic expansion play out. Later in the year when we have a better perspective on growth and recovery and our outlook becomes better defined, then we can rebalance our portfolios to take these considerations into account.

For now, I suggest that diversification should play a major role in asset allocation. Instead of solely concentrating on growth and momentum, consider adding value investment funds to the mix, or low correlated alternative investments as well. I suggest spreading assets across various asst classes such as bonds, equities and real estate and then diversifying within each of the asset classes. I also believe that now is the time to seek out active fund managers. This could prove very beneficial during these crazy markets.

In conclusion I want to stress that now is not the time to speculate. I know that AI is front and center of investors' minds but this has the same feel to me as the dot.com era in the late 1990s that ended in a huge bust in 2020. You don't have to be the first to the party but you don't want to throw out the invitation either. If you are a long-term investor, be patient. Over the years, patience has paid the largest dividends.

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LIFESTYLE PLANNING SOLUTIONS BY KPW

THE CORE VALUES OF LIFE PLANNING

Life planning is often seen as something that would be done by a career councillor, behavioral therapist, or some kind of life coach. The obvious absence of life planners as a mainstream source of financial guidance in Canada, suggests many advisors don't know it exists, aren't practicing it, or are referring it out to other professionals. Most Canadian's I speak to think the job of a financial planner is to pick the right investments and be tax-wise when doing so. For the mainstream advisor, this perception is mostly accurate despite the financial advice industry's attempt to have products match with client's values, cash flow circumstances, and risk capacity and attitudes. In the end, these are still largely superficial endeavours that have created a great deal more industry paperwork without changing people's perceptions about financial planning in Canada. The perception being that financial advisors sell products first. Fortunately for Canadians, lifestyle financial planning does exist. Life planners or lifestyle financial planners as they are also called, know that life planning is the main component of the financial planning process. It makes the financial planning process better and more impactful for the client.

In Financial Planning: A look from the Outside In, Paula Hogan defines life planning as a process a person can follow to help an individual (or themselves) discover their lifetime goal and then achieve it. This process relies heavily on understanding a person's values and attitudes, now and as they change with time. The financial planning part is very useful once these values and goals are established. It is useful because it provides a way to achieve the discovered goal. It is your resource map. It is the point in which life planning and economic theory collide. Let me explain.

Based on conversations I've had with my own clients; it seems that financial security is a big deal for a lot of people. Even without knowing who you are right now, I would wager that financial security is your biggest, most important, most crucial financial planning goal. Funny enough, economics offers a full body of knowledge about securing lifetime financial security. One example is in something called the Bodie Merton Samuelson theory of lifecycle saving and investing. I know, it's a very long name. That's why all the cool economists call it LCSI for short. (I didn't say the acronym was any better, but I promise that the theory is very good).

Lifecycle saving and investing (LCSI) has been around since the 1970s, and it has been poked and prodded by enough brainy economists to be considered a solid theoretical framework. At its core, LCSI puts a person's human capital as the central focus. Human capital puts a monetary value on the knowledge, skills, competencies, and attributes of a person. One could go deep into this; the Wikipedia page is immense and quite frankly unforgiving, but at the risk of boring the reader too much let's just agree that human capital is about you and your economic worth.

Lifecycle saving and investment theory (LCSI) takes this core concept of human capital and uses it towards optimizing income, matching investment risk to goals, and optimizing spending over one's lifetime. As Hogan (2012) points out, these are the most important planning tasks in the LCSI theoretical model. It is also the economic expression of life planning. If life planning is the process for discovering and achieving goals, then LCSI could be the theoretical framework from which we work. I wrote the words "could be the way" rather than "is the way" because there are other economic theories one could utilize. However, life planning solutions by KPW match closely with the LCSI framework of putting people at the center of the process while optimizing income, investment risk, and lifestyle.

As I've written many times before, life planning is a client-centered process, not an advisor-centered process. The life planning process focuses on values clarification and goal specification. It focuses on the person. Similarly, LCSI is also client-centered making human capital the primary determinant of a person's lifestyle. The planning implications of this are that the person is the center of focus and the portfolio or financial capital is tailored to the human capital. Everyone has both financial capital and human capital, but human capital is central; it is the most crucial. Of course, there are exceptions such as winning the lottery or receiving a large inheritance. Such things can have a rapid and dramatic impact on lifestyle, but they are infrequent. For most people, it is your human capital that dictates your lifestyle options.

Disclaimer

THE CORE VALUES OF LIFE PLANNING —Continued

In any case, integrating a top-notch economic theory into a robust life planning process means people can realize their perfect vision of life!

At KPW we spend time showing our clients something we refer to as “their financial bucket”. By now, some of you may have heard me speak about “the bucket”, others may have read about “the bucket” in one of my many lifestyle financial planning articles. Some of you may have been shown your bucket by one of our lifestyle planners. For the rest, I will explain. The bucket is where you keep all your money that you could access within the next 7-10 business days if you wanted (bank accounts, investment accounts, mattress money, etc). Money flows into your bucket via your income and out of your bucket to pay for lifestyle expenses. Your other assets like your home, your car, your signed Mary Lou Retton commemorative limited edition Wheaties box, all sit outside of your bucket because they can’t be spent the same way as the money in your bank account or TFSA or whatever. Your financial bucket is a way to take all of this complicated business of integrating life plan process and economic theory and make it useful to you. Your bucket is an image of your human capital; the thing you will need to fund the lifestyle you want, for the rest of your life, no matter what happens. And it has a number. Do you know yours?

KRISTINA De SOUZA
CFP, CFDS, RIS

BEHAVIORAL FINANCE BY KPW

LIFE INSURANCE CONSIDERATIONS FOR BUSINESS OWNERS

There are many considerations when it comes to life insurance, many of which I have touched on in the past. Clients' needs take many shapes and forms when it comes to the risk management aspect of lifestyle financial planning. One issue we are increasingly faced with relates to the ownership structure of life insurance, more specifically whether corporate vs. personal ownership makes sense for business owners. As with most decisions, there are pros and cons to both, all of which need to be considered. The starting point as always is gaining an understanding of and homing in on the specifics of the situation, as each case is inherently unique and needs to be treated as such. However, in general the three main variables to consider are: the purpose of the insurance, timing and location of the required insurance proceeds, and where the premium payment funds are available.

As a reminder, the main motivation for purchasing life insurance is generally to meet the need of the death benefit for the insured. These funds can be used to meet a variety of needs, including but not limited to; income replacement, charitable donations, income tax and estate liabilities, or in the case of business needs; to meet the obligations of a buy-sell agreement, pay off debts, or mitigate the loss of a key person. Establishing the purpose of the insurance tends to shed light on where and when the proceeds of the policy will be needed: within a corporation, estate, or another beneficiary. It is critical that the ownership structure of the policy enables the proceeds to land in the hands of the planned target. In other cases, as we have seen, the need for cash does not exist, but rather, there's a goal to diversify an estate plan or maximize estate values. In such cases, it makes sense to establish where the funding of the premiums will come from. For example, in cases where the cash available to fund the life insurance policy is located in a holding company, then it may make the most sense for the policy to be owned by that company.

As we have also seen, there are instances where either ownership structure makes sense and will still achieve the same desired outcome. As such, it is important to outline the pros and cons of corporate vs. personal ownership in light of other variables. Issues regarding taxation are of the utmost importance within our practice. I would argue that perhaps the greatest factor to consider is the option to use "cheaper" after tax corporate dollars to fund the policy. Keep in mind that the life insurance premium payments are typically not considered an income tax deduction, aside from collateral insurance deduction situations. However, the reality is that corporate income generally falls in a lower tax bracket than individual rates, generating tax savings and contributing to the benefits of corporate ownership. Assuming that the funds required to pay the premium originate in the corporation, in order to pay a $1,000 insurance premium for an individual in a 50% marginal tax bracket, this would require $2,000 of income. On the other hand, that individuals' corporation subject to the small business tax rate of 12% would only require $1,136 of pre-tax income to fund the same premium. Again, if a client has other after-tax funds available outside the corporation to fund the premiums, there could still be cause to own the policy personally.

It is important to consider the fact that despite the tax-free nature of death benefits paid to corporations, the issue of how to distribute the funds is a whole other issue. Ultimately, the corporation may be limited to distributing these funds using the capital dividend account (CDA) in order to maintain the tax-free basis. Essentially, this occurs when the policy has a positive adjusted cost basis (ACB), as the CDA credit is the equivalent of the death benefit minus the ACB. As an individual ages, it is expected that the CDA credit is equal to the total death benefit. Generally, regular term insurance has little to no ACB throughout the term of the policy.

Unfortunately, corporate beneficiaries do not fall under a class of beneficiaries who protect policies against the creditors of the policy owner. Therefore, the cash value and the death benefit proceeds may be exposed to creditors of the corporation should the corporation designate itself as the beneficiary of the policy. A workaround here is to have a holding company that is the owner and beneficiary of a policy, avoiding the potential risk with the operating company.

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LIFE INSURANCE CONSIDERATIONS FOR BUSINESS OWNERS —Continued

Theoretically, there is also the option to designate another individual or corporation as the beneficiary, which would only protect the death benefit. However, this may not be a viable solution based on the taxable benefit situation that it creates (for example, the owner is the corporation, and the beneficiary is the insured's spouse).

As the policy becomes a corporate owned asset, the cash surrender value affects the fair market value of the corporation's shares. This will ultimately impact the assessment of capital gains on any disposition of these shares. There are exceptions however where other factors beyond the CSV are considered to determine the value of the policy, which may lead to a valuation falling somewhere between the csv and death benefit. As I have mentioned, life policies are typically classified as a passive asset, and as such, the value of the policy can impact whether the shares qualify for the lifetime capital gains exemption. There are also implications stemming from the potential sale of a corporation that need to be considered. It may be advisable to transfer ownership of the policy to the individual prior to the sale if the insured wants to maintain the coverage. This of course triggers a policy disposition and may have tax implications for both individual and the corporation, once again pointing to the validity of holding the policy in a holding company.

We have gone over a variety of variables that impact the decision on whether a life insurance policy should be owned personally or corporately. Generally speaking it seems the decision is lead by where the funding stems from. In many cases, utilizing more inexpensive after-tax corporate funds can produce ideal financial outcomes, maintaining the benefits of tax deferral benefits of corporate surpluses. As always, each situation is unique and requires an in depth analysis of all the factors involved when making this type of decision.

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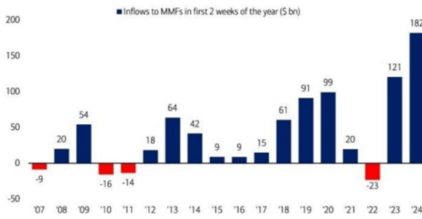
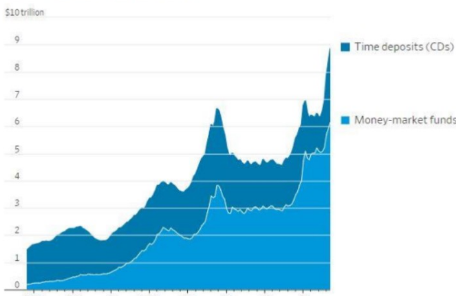
IMAGINE YOUR FUTURE

Following are a series of charts that look at the record amount of assets and inflows into cash and cash equivalents, as well as their opportunity cost.

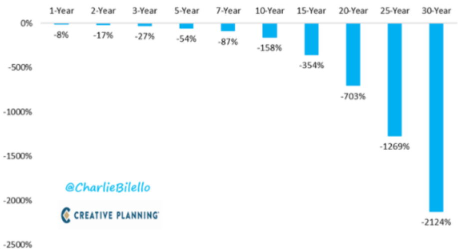


In the first chart we can see that investors are taking a "risk off" approach as Money Market Funds have seen an inflow of $163 billion over the first two weeks of 2024, the highest amount ever recorded to start off a new year.



Cash assets hit record highs. Assets in money market funds and CDs hit $8.8 Trillion, the highest amount in history. When interest rates eventually head lower, will this cash find its way ino the equity markets, and if so what effect will it have?

Bank of America: "...Following a year of investors bracing for a recession...every type of US investor holds more cash and less equities...We see some inklings of warming sentiment toward equities … but are far from levels of euphoria that would marke the end of a bull market":



What does holding cash cost you? Sometimes nothing, especially when markets are down. But much more often, it is costing you potential returns, and the cost is increasing as the years go by. Over 1-year periods the average opportunity cost of holding cash has been roughly 8%. But over 30-year periods, this grows to 2,124%!

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LIFESTYLE FINANCIAL PLANNING BY KPW

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INFORMATION AND SOLUTIONS FOR HIGH NET WORTH INVESTORS

LEAVING A LEGACY: ALTERNATIVE MINIMUM TAX RULES

The start of fall brings wafts of pumpkin spice everything, from seasonal lattes to limited-edition Cheerios, and changing colours, but also the beginning of the final push for charitable giving, which must be done by December 31 if you want to reap the tax benefits on your 2023 tax return.

But if you've noticed an extra chill in the air this year, it may be coming from a fear that proposed changes to the Alternative Minimum Tax (AMT), set to take effect January 1, 2024, will significantly dampen the tax benefits traditionally associated with charitable donations, thus reducing the level of charitable giving.

RRIF WITHDRAWALS: WHAT SHOULD SENIORS WITH MILLION-DOLLAR PORTFOLIOS DO?

One of the problems with a large retirement account is a big, deferred tax liability. There are definitely worse problems to have, but many seniors still wonder how to minimize tax on their investments and maximize their estate.

Registered retirement income fund (RRIF) withdrawals are fully taxable and added to your income each year. You can leave a RRIF account to your spouse on a tax-deferred basis. But a large RRIF account owned by a single or widowed senior can be subject to over 50% tax. A RRIF on death is taxed as if the entire account is withdrawn on the accountholder's date of death.

PLANNING FOR CASH FLOW AFTER DEATH

Significant emphasis is placed on cash flow planning during a client's lifetime (or at least it should be). But often overlooked is planning for cash flow after death. Because death triggers a series of tax implications that can significantly impact estate value, financial advisors should extend cash flow planning beyond the client's lifetime to safeguard the financial well-being of the estate and heirs.

The post-death comprehensive cash flow plan needs to address the efficient transfer of assets to beneficiaries. At minimum the plan should consider cash outflows in the form of inheritances, taxes, probate, gifts, donations and other legal and financial costs.

BEWARE OF TAINTING GRE STATUS

Clients commonly name their loved ones, such as spouses or children, as estate executors, given that family members tend to be most trusted to carry out last wishes and administer the estate accordingly. However, family members who are named as executors should be cautioned about paying for expenses on the estate's behalf, as this could taint the estate's graduated rate estate (GRE) status.

GREs have become an important estate planning tool for many Canadians, and they provide many post-mortem tax benefits.

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CORPORATE CULTURE

Benefits CANADA

BENEFITS TOPS LISTS OF RETNTION TOOLS FOR EMPLOYERS: SURVEY

The top three factors driving employee retention are benefits (34 per cent), a strong sense of culture (31 per cent) and belief in the senior leadership team (29 per cent), according to a new survey by the Predictive Index.

The survey, which polled more than 300 U.S. executives, found career mobility (21 per cent), salary (17 per cent) and personal/professional development opportunities (11 per cent) rounded out the list of top retention tools.

WHEN SHOULD YOU EXPAND A BUSINESS? 7 SIGNS IT'S TIME FOR A BUSINESS EXPANSION

A business is an exciting yet challenging endeavor that requires attention to detail and strategic planning. That said, when you expand your business is just as important as how you expand. Learn what seven business owners have to say about business expansion, how they timed their expansion, and what signs you should look for to determine if you're ready to grow.

T2inc

RENEWING YOUR MASTER BUSINESS LICENSE IN ONTARIO

A Master Business License (MBL) is a document stating your business name, number (BN), address, type of business activity, and type of business structure.

In Ontario, your license must be renewed every five years, otherwise you will need to register your business again from scratch. Remember, the Ontario government will not send you a reminder of registration renewal – it's entirely your responsibility!

IS IT BETTER TO PAY YOURSELF A SALARY OR DIVIDENDS?

As the owner-manager of an incorporated company, you're required to make many decisions. Since you're in charge, it's up to you to decide how you'll be compensated. Should you choose a salary or dividends? Each method has its advantages, depending on your situation. What do you need to know to make an informed decision?

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PORTFOLIO MANAGER COMMENTARY

2024 Stock Market Outlook

FIDELITY INVESTMENTS

For 2024, my base-case scenario is that this bull market will keep marching. As long as we continue to avoid a recession, the market could even reach new all-time highs. That said, with markets there are always risks, and no outlook can ever be given with 100% certainty. Read on for my full analysis.

To say that the markets are finishing 2023 on a strong note would be an understatement. While most of 2023 was characterized by extremely narrow leadership—with only a handful of mega-cap stocks gaining ground and the rest of the market languishing—that all changed around the start of November, when investors began to gain confidence that the Fed really had finished raising rates.

Investment Outlook 2024: Economic Webcast

RBC GLOBAL ASSET MANAGEMENT

Diving into the new year, Chief Economist Eric Lascelles shares an abundance of positive trajectories in the economy, despite the fact that there is a fairly high chance of a recession over the next year.

Yields are up massively since 2020, but are down significantly since the autumn 2023. U.S. Federal Reserve signals that rate cuts may be sooner rather than later.

Why Dividend Stocks Seem Poised For Better Relative Returns in 2024

AGF INVESTMENTS

It wouldn't be right to say dividend stocks were a losing proposition for investors last year, but they weren't exactly a boon for them either. In the U.S., for example, the S&P 500 Dividend Aristocrats Index –which tracks companies that have increased their dividend in each of the past 25 years – gained more than 8% in 2023 yet underperformed the S&P 500 Index by 18 percentage points (or more than double what it earned).

2024 Update

FIDELITY INVESTMENTS

Recently, we heard from the Fidelity Global Innovators fund Portfolio Manager, Mark Schmehl, as he gave his 2024 outlook and update. Mark continues to focus his attention on the emerging themes in Artificial Intelligence, decarbonization, uranium, and select healthcare players.

To put Mark's talent into perspective, since inception (November 2017) the Fidelity Global Innovators fund, which Mark manages has beaten 100% of his beers and has added 50% more returns than the NASDAQ and nearly doubled the return of the S&P500.

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FIXED INCOME OUTLOOK 2024: BONDS ROAR BACK

STOCK MARKET OUTLOOK: IT'S TIME FOR DIVERSIFICATION

WHY CLIENTS WITH LARGE RRSPs AND RRIFs MIGHT BENEFIT FROM EARLIER WITHDRAWALS

ADVISOR LEARNS THE HARD WAY THAT TFSAs ARE NOT FOR FREQUENT TRADING

THE HOUSING OUTLOOK: 2024

NEW YEAR, NEW TAX MEASURES—WHAT TO EXPECT IN 2024

2024 CPP CONTRIBUTION LIMITS RISE

TFSA LIMIT OFFICIALLY SET AT $7,000 FOR 2024

BOND YIELDS ALWAYS FALL BEFORE FIRST RATE CUT

TFSA LIMIT OFFICIALLY SET AT $7,000 FOR 2024

ADVISOR LEARNS THE HARD WAY THAT TFSAs ARE NOT FOR FREQUENT TRADING

BOND YIELDS ALWAYS FALL BEFORE FIRST RATE CUT

SELL CASH, BUY STOCKS AS POWELL PIVOTS?

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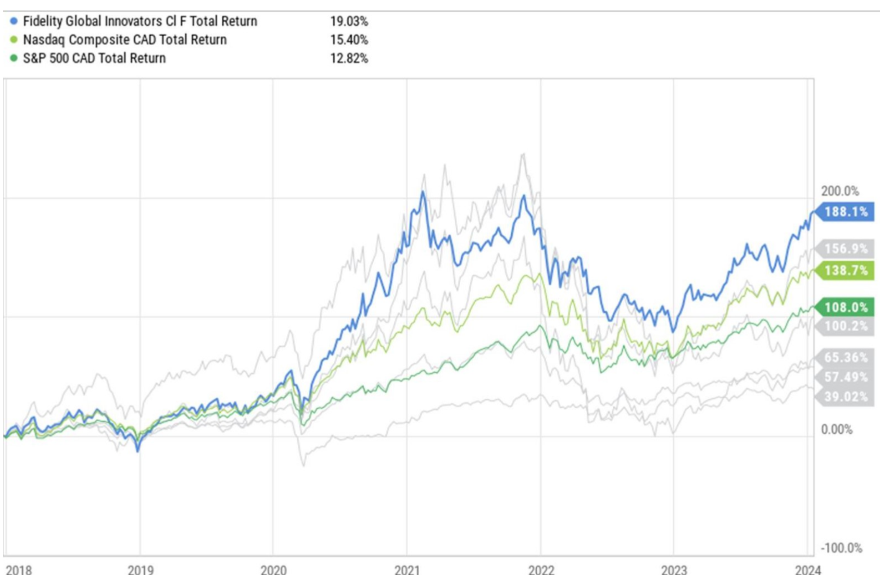
Mark Schmehl—Continued

The following graph compares Mark's historical performance with some of his competitors as well as the NASDAQ and S&P500. The lines in gray are the largest competitor growth funds in the industry, which Mark has strongly outperformed.



Q4 Recap & Positioning

Mark basically stated that 2024 will play out much the same as 2023. He calls it a "hard and mushy" year ahead. The economy struggled in 2023, earnings were not that great and yet the market miraculously was up a lot. He continues to see the trends continuing upward.

If a recession does occur, it will likely be more of a slowdown focused on certain sectors while other sectors continue to prosper. He stated that he is going to stick with the same game plan as 2023 and avoid paying much attention to the U.S. Presidential election and the trend for interest rates. He is focused on the fundamentals in each industry and despite the issues around us, in some industries the fundamentals are improving.

Artificial Intelligence will be a major theme as investments in AI will be durable, productive, and recession proof, which is why all three of the portfolios he manages has an AI allocation. He likes stocks like Nvidia, AMD, etc. which are all up year-to-date and he expects they will continue to rise.

Although there are companies like GitHub, Gitlab and ChatGPT which you can currently use, these are not life-changing applications. The applications for AI just aren't there yet, and probably won't be for another 10 years or so (which is why it's a great and durable trend) and it's going to keep getting better. Smart companies need to build the infrastructure now to support AI. The best way to play AI right now is through infrastructure.

For example, in the 1990's it was all the companies that made the internet routers, laid and dug out the trenches for telecom that made the most money over the acutal dotcoms that came out. The same applies to AI today. The pick and shovel guys like Nvidia and AMD will benefit most.

To make his point, Mark stated that NVIDIA had 70 world leaders visit them last month. The French, Saudis, Russians, Chinese, are going to build an AI server farm, the demand is unbelievable.

As previously mentioned, he also is interested in uranium. He held it in 2023 and despite a 5-month lag, it has since skyrocketed into the new year. Mark stated that there is a lot of uranium on the planet, but no one is building mines to extract it. He believes there will be a 5-year period where there's no supply of Uranium and that this is when prices are going to "go crazy" (they already are in fact).

Some other interesting comments Mark made:

⇒ Wind and solar can only do so much and they are all subsidized science projects. No interest in them

⇒ Nuclear is the way , this will be a MEGATREND for the next 10 years

⇒ Most health care stocks are down because people are losing weight and getting healthier

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DISCLAIMER

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the simplified prospectus before investing. Mutual funds are not guaranteed and are not covered by the Canada Deposit Insurance Corporation or by any other government deposit insurer. There can be no assurances that the fund will be able to maintain its net asset value per security at a constant amount or that the full amount of your investment in the fund will be returned to you. Fund values change frequently and past performance may not be repeated.

Labour Sponsored Investment Funds ("LSIF") have tax credits that are subject to certain conditions and are generally subject to recapture, if shares are redeemed within eight years. Please note that Mutual Fund Representatives in Alberta are not permitted to sell LSIF.

An investor proposing to borrow for the purchase of securities should be aware that a purchase with borrowed monies involves greater risk than a purchase using cash resources only. The extent of that risk is a determination to be made by each purchaser and will vary depending on the circumstances of the purchaser and the securities purchased.

Discuss the risks associated with leveraged mutual fund purchased with an investment funds advisor before investing. Purchases are subject to suitability requirements. Using borrowed money to finance the purchase of securities involves greater risk than a purchase using cash resources only. If you borrow money to purchase securities, your responsibility to repay the loan and pay interest as required by its terms remains the same if the value of the securities purchased declines.

Investors should educate themselves regarding securities, taxation or exchange control legislation, which may affect them personally. This newsletter is for general information only and is not intended to provide specific personalized advice including, without limitation, investment, financial, legal, accounting or tax advice. Please consult an appropriate professional regarding your particular circumstances.

All non-mutual fund related business conducted by **Kleinburg Private Wealth Management** is not in the capacity of an employee or agent of Carte Wealth Management Inc. Non-mutual fund related business includes, without limitation, advising in or selling any type of insurance product, advising in or selling any type of mortgage service, estate and tax planning or tax return preparation. Accordingly, Carte Wealth Management Inc. is not liable and/or responsible for any non-mutual fund related business conducted by **Kleinburg Private Wealth Management**. Such non-mutual fund related business conducted by Kleinburg Private Wealth Management alone.

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