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KPW FINANCIAL NAVIGATOR

905.893.2540
info@kpwfinancial.com

Kleinburg PRIVATE WEALTH

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Take a Ride on our LIFESTYLE WHEEL

Our **"LIFESTYLE WHEEL"** is a unique tool integrated into our extensive financial planning services, designed to empower clients in assessing their current lifestyle satisfaction and pinpointing opportunities for enhancement. This innovative feature examines ten critical lifestyle facets, encompassing physical and emotional well-being, leisure and enjoyment, interpersonal connections, time management, financial health, and personal growth, ensuring a holistic approach to your life's blueprint.

"The first lesson of economics is scarcity: there is never enough of anything to fully satisfy all those who want it. The first lesson of politics is to disregard the first lesson of economics."- Thomas Sowell

THE WAY I SEE IT

By SERGIO SIMONE

ELECTION ECONOMICS

HOW GEOPOLITICAL STRATEGIES SHAPE FINANCIAL FUTURES

In previous issues of the KPW Navigator I briefly touched on the incredible year for democracy that 2024 will become. Now that we are halfway into the year I felt it was a good time to elaborate on this and delve into the dynamic correlation between geopolitical and economic risks. Many people believe that geopolitics and economics are separate issues and can be separated in election years. The claims these people make, in fact, are different from their actions.

In 2024, a significant portion of the global population will participate in national elections. According to available data, at least 64 countries are set to hold elections this year. These countries include some of the world's most populous nations, such as India, Indonesia, Brazil, Pakistan, Russia, and the United States, as well as the entire European Union, which has already conducted elections for the European Parliament. Collectively, these elections encompass a wide array of political systems and governance structures, reflecting the diverse approaches to democracy and representation around the globe.

The sheer number of elections and the populations involved underscore the importance of this year as a pivotal moment for democratic processes worldwide. With such a large number of countries heading to the polls, approximately a quarter of the world's population, or around 2 billion people, are eligible to vote in 2024. This remarkable figure highlights the scale of civic engagement and the potential for significant political shifts and policy changes that could shape the international landscape for years to come.

Moreover, the outcomes of these elections have the potential to influence global economic trends, international relations, and the trajectory of key issues such as climate change, human rights, and global security. As such, the world's attention is drawn to these electoral processes, not only as a measure of national sentiment but also as a reflection of the global state of democracy.

This unprecedented wave of democratic activity encompasses a significant portion of the world's population, highlighting the importance of governance and the collective voice of the people in shaping the future. In South Asia, the election landscape is particularly intense, with India, the world's largest democracy, conducting its general elections. The Bharatiya Janata Party, led by Prime Minister Narendra Modi, continues to hold a strong position after a decade in power, with key social issues such as poverty, education, and farmers' rights dominating the political discourse.

In contrast, the political climate in Bangladesh and Pakistan has been turbulent, with allegations of vote-rigging and suppression of opposition casting shadows over the electoral processes. Bangladesh's Awami League secured a landslide victory, marking Sheikh Hasina's extension as the longest-serving elected female leader in history. Pakistan's political landscape remains fragmented post-Imran Khan's ousting, with his party facing suppression yet managing to secure a significant number of seats as independents.

The European Parliament elections are also noteworthy, representing a substantial electorate and carrying implications for the European Union's future direction. Meanwhile, the United States gears up for its high-profile presidential election in November, which could have far-reaching consequences on global politics and international relations.

Elections in other regions, such as Taiwan, are set to influence geopolitical dynamics, particularly with China. The outcomes of these elections could redefine alliances and power balances on the global stage. The United Kingdom is also approaching a pivotal election, with the Conservative Party's long-standing rule challenged by economic concerns and the Labour Party's rising popularity.

As I began writing this editorial a newsflash came across my computer that France’s Emmanuel Macron has called a snap election after his party suffered a crushing defeat in EU parliamentary elections. He has dissolved the French parliament and called for legislative elections to be held on June 30 and July 7th.

This year's elections are not just about the changing of guards but also about the resilience of democratic institutions amid challenges such as economic crises, political unrest, and the global democratic backslide. The collective results of these elections will likely shape the international political landscape for years to come, underscoring the significance of each vote and the democratic process at large.

THE WAY I SEE IT

The dynamic correlation between geopolitical and economic risk is a complex and multifaceted issue. Geopolitical risks, such as political instability, conflict, or diplomatic tensions, can have immediate and profound effects on economic conditions, influencing everything from energy prices to trade policies. Economic risks, on the other hand, often stem from financial market dynamics, economic policy decisions, and macroeconomic indicators. While it may seem intuitive to consider these types of risks separately, they are often deeply intertwined. For instance, an economic downturn can exacerbate geopolitical tensions, while geopolitical instability can lead to economic uncertainty and volatility.

Research suggests that the sensitivity of financial markets to geopolitical and economic policy uncertainties is significant, especially during times of crisis. This interconnectedness is evident in how market prices fluctuate in response to political events and economic policies.

The connection between these risks changes; it's not always the same and can differ depending on the market situation. Sometimes, the risks are linked in one way, and other times, they might be linked in a completely different way. This means that the risks don't always move or change together; they can behave differently under various market conditions. For example, advanced economies may have the capacity to better absorb geopolitical shocks, potentially turning them into opportunities for economic growth, whereas emerging economies might suffer adverse effects.

Furthermore, the impact of geopolitical risk on economic output can be observed through the behavior of investors who become risk-averse during times of heightened geopolitical tension, leading to a decrease in economic activity as private investments decline. This indicates that geopolitical risks can directly influence economic performance, making it challenging to separate the two completely.

In today's interconnected global economy, managing geopolitical risks requires a nuanced understanding of their potential economic implications. Organizations and policymakers must navigate these risks by employing comprehensive risk management strategies that account for the complex interplay between geopolitical events and economic outcomes. This involves scenario planning, impact assessments, and the development of informed strategies that are adaptable to the changing geopolitical landscape.

So, while it may be theoretically possible to consider geopolitical and economic risks in isolation, in practice, they are often so closely linked that separating them can be difficult. The dynamic correlation between these risks necessitates a holistic approach to risk management that recognizes their potential to influence each other and the broader economic environment.

The interplay between geopolitical and economic risks is particularly pronounced during election years, which often serve as pivotal moments for determining the direction of national policies and international relations. The outcomes of elections can significantly influence geopolitical stability and economic conditions, as they may result in shifts in government priorities, changes in foreign policy, or alterations in economic strategies. For instance, a newly elected government might adopt protectionist trade policies that could lead to increased geopolitical tensions with trading partners, or conversely, it might pursue more open trade relations that could enhance economic stability and growth.

During election years, markets can become unpredictable because people are unsure about how new policies might affect them. Investors and companies try to guess what will happen if different candidates win. Elections can also bring other risks, like the chance of violence or protests, which make the economy even shakier. Research has shown that 70% of business leaders around the world worry about how the results of elections might influence their work in other countries and their trading possibilities.

Financial markets are really sensitive to political and economic uncertainties, and this is especially true when there's a crisis. Market prices often change because of political events and economic decisions. The way these risks are linked can change depending on the market situation and might not be the same for everyone. For instance, rich countries might handle political problems better and even use them to grow their economy, while developing countries could be negatively affected.

The impact of geopolitical risk on economic output can also be observed through the behavior of investors who become risk-averse during times of heightened geopolitical tension, leading to a decrease in economic activity as private investments decline. This indicates that geopolitical risks can directly influence economic performance, making it challenging to separate the two completely.

In today's interconnected global economy, managing geopolitical risks requires a nuanced understanding of their potential economic implications. Organizations and policymakers must navigate these complexities with robust contingency plans and risk mitigation strategies to ensure economic resilience and stability. As such, the political impact of geopolitical and economic risks in election years is a critical area of focus for governments, businesses, and investors alike, as they seek to operate successfully in an exceptionally challenging geopolitical environment.

In conclusion, the intricate interplay between geopolitical dynamics and economic policies becomes particularly pronounced in an election year. Candidates and parties often leverage these issues to galvanize support, promising reforms aimed at enhancing national security and economic prosperity. Ultimately, the choices made at the polls will not only shape the immediate political landscape but also set the trajectory for the nation's role in the global arena. Therefore, it is imperative that the discourse surrounding these issues is grounded in fact-based analysis and a clear understanding of the interconnectedness of today's world.

An estate plan is a great way to make sure your assets are distributed exactly the way you want them to be. Occasionally, a single small detail missed in an estate plan can result in a very big consequence. The following story is real. It comes from a meeting I had with a woman who was referred to me by an existing client. The story is something you may only come across in a CFP exam question, not real life. But it happened and I wanted to share it here (I've left out any identifying details about this woman and her unfortunate scenario).

The story begins with this woman's husband and his brother. Let's call them Husband Peter and Brother Paul. These two brothers were very close and on good terms, so good in fact, that Brother Paul had named Husband Peter his beneficiary on his $1 million RRSP. Under this scenario if Brother Paul dies, Husband Peter would receive a lump sum of $1 million. The woman, who I will call Marcy, was also on friendly terms with Brother Paul. In fact, he had said to both that if something ever happened to him, he wanted everything to go to her family (Husband Peter, Marcy, and their two adult children). Brother Paul had three other siblings whom which he was not on speaking terms. He very clearly had no intention of passing anything on to them.

Unfortunately, Husband Peter fell ill and died early this year. It happened quickly and was understandably hard on Marcy and the family. Following her husband's death, Marcy had trouble reaching Brother Paul. Nobody could find Brother Paul and it was strange that he wouldn't be at the funeral or that nobody had heard from him. When someone went to check on him, they had found that he had died alone in his home. It was clear that he had been dead for some time – most likely before Husband Peter had died. The coroner declares that Brother Paul died on the day that he is found.

Let's recap: Husband Peter is the beneficiary of his brother's $1 million RRSP; Husband Peter has just died; following the funeral, the family finds that Brother Paul has also died; there is strong evidence that Brother Paul has died before Husband Peter; the death certificate states that death occurred after Husband Peter had died.

Marcy came to me because she wanted to know if she was entitled to the $1 million RRSP. She believed that since her brother-in-law had died first (even though the death certificate said otherwise), her husband should receive the RRSP and in-turn she would receive it since it should belong to her husband's estate. I asked her what happened to the RRSP and this is where things take another turn.

Brother Paul died with no living RRSP beneficiary and no will. If he had died before Marcy's husband, then Marcy's husband would receive the RRSP. However, since Marcy's husband died first (on paper) then Brother Paul has died intestate. Under intestate, Brother Paul's estate must go to his parents if they are still alive. This is because he has no children or spouse. In this case, Brother Paul's mother was still living, and she inherited the $1 million RRSP. This was a good thing for Marcy because Peter and Paul's mother knew that this money should go to Husband Peter's family. In other words, Marcy and her kids were still in line to receive the money. Then, just weeks after her son's death, and before she had a chance to update her own estate plan, the mother died as well. The mother's executor was her eldest son; one of the siblings that neither Husband Peter nor Brother Paul were on good terms. Marcy didn't see a penny.

Fortunately, the mother's will stated that her grandchildren would receive a portion of her estate, so Marcy's two adult children each inherited $80,000. Brother Paul's other siblings, none of which he wanted to get any of his money, each received several hundred thousand dollars from the RRSP. The executor also paid himself an executor fee, so he received nearly half a million from the estate in total. Of the $1 million RRSP, just $160,000 went to its intended recipients.

The other $840,000 found its way to the three people with whom Brother Peter did not want.

What should Brother Paul have done?

Brother Paul should have named Marcy as his contingent beneficiary. It would have provided an additional layer of certainty that Marcy and her kids received the million-dollar RRSP. The other mistake Brother Paul made was not having an updated will (or any will for that matter). Especially when we consider that he had no spouse, no children, and no relationship with his siblings. If he had a will, the RRSP would have gone to the estate and then been distributed to the beneficiaries in the will. RRSP proceeds would increase the probate fee, so the naming of a contingent beneficiary would have been the most ideal solution to this situation.

If you're concerned about your own estate plan, there are steps you can take. First, confirm your beneficiaries on your registered accounts. Second create a will and power of attorneys. If you already have a will and POAs, you will want to update them if your financial situation has changed, your spouse has changed, or your personal relationships with beneficiaries and executors have changed.

BEHAVIORAL FINANCE BY KPW

Most people will spend the majority of their life in a marriage. Finances play a large part in these relationships and in many cases are a major factor in why they end.

As a Chartered Financial Divorce Specialist, my extensive background in financial planning has led me to specialize in separation and divorce. My passion for this field continues to grow with each experience. I believe it’s my responsibility to raise awareness about this unique area of practice. Many people remain unaware of the benefits we can provide. When it comes to divorce settlements, involving the right professionals is crucial to avoid financial pitfalls.

Upon completion of the training, those awarded the designation of Chartered Financial Divorce Specialists (CFDS) become part of an exclusive group of experts trained to help clients with their finances regarding cohabitation, separation and divorce. All Chartered Financial Divorce Specialists are financial planning professionals with established and recognized credentials, beyond the CFDS designation (i.e. Certified Financial Planner or Chartered Accountant) and must undertake continuing education to renew their designation annually. We follow a strict code of ethics as monitored by the Academy of Financial Divorce Specialists and other relevant licensing authorities. It is very important to emphasize the fact that we do not replace or provide legal advice, but rather we provide projections and analysis based on client proposals. We typically work as fee for service professionals, and do not partake in any investment or insurance sales or activities.

CFDSs are in a unique position of greater understanding of the financial implications of divorce than many lawyers, financial planners, accountants and other related professionals. The reality is that Chartered Financial Divorce Specialists are expert pioneers working in a space that is in desperate need of their expertise.

One of our goals is reaching the legal community and related professionals such as accountants, mental health and social workers, who deal with those going through separation and divorce, to ensure that others in the financial planning community know that they can turn to us to help their clients.

It is important for everyone to know that there are specific financial planning services available to those experiencing separation and divorce.

The goal of a Chartered Financial Divorce Specialist (CFDS) is to provide an objective assessment of potential financial settlement scenarios, while ensuring their clients understand the financial implications over time.

Without offering legal opinion or advice, they can help assess the following financial settlement scenarios: child and spousal support, cash flow management, budgeting, insurance, protection for support, taxation, wills, powers of attorney, and estate considerations. For those contemplating divorce, having a discussion with a CFDS is an ideal starting place for accessing neutral information on what to expect, how to prepare, the divorce process, and for referrals to divorce professionals that may be a good fit for your situation.

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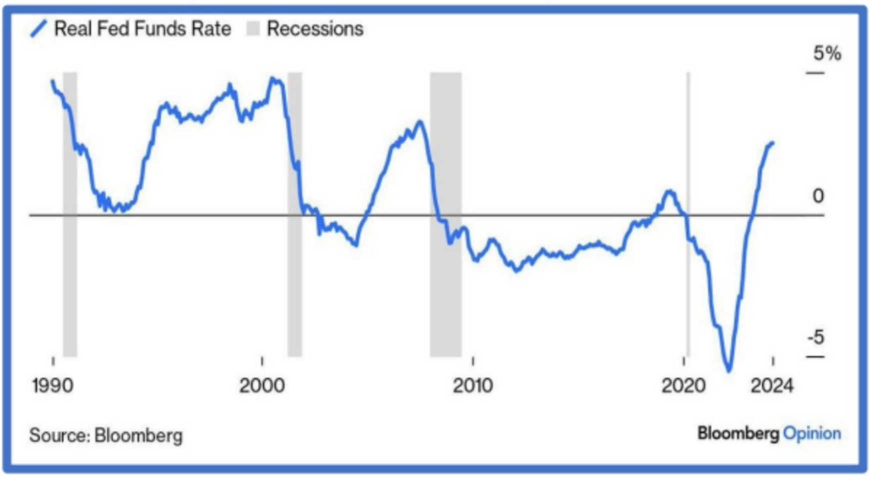
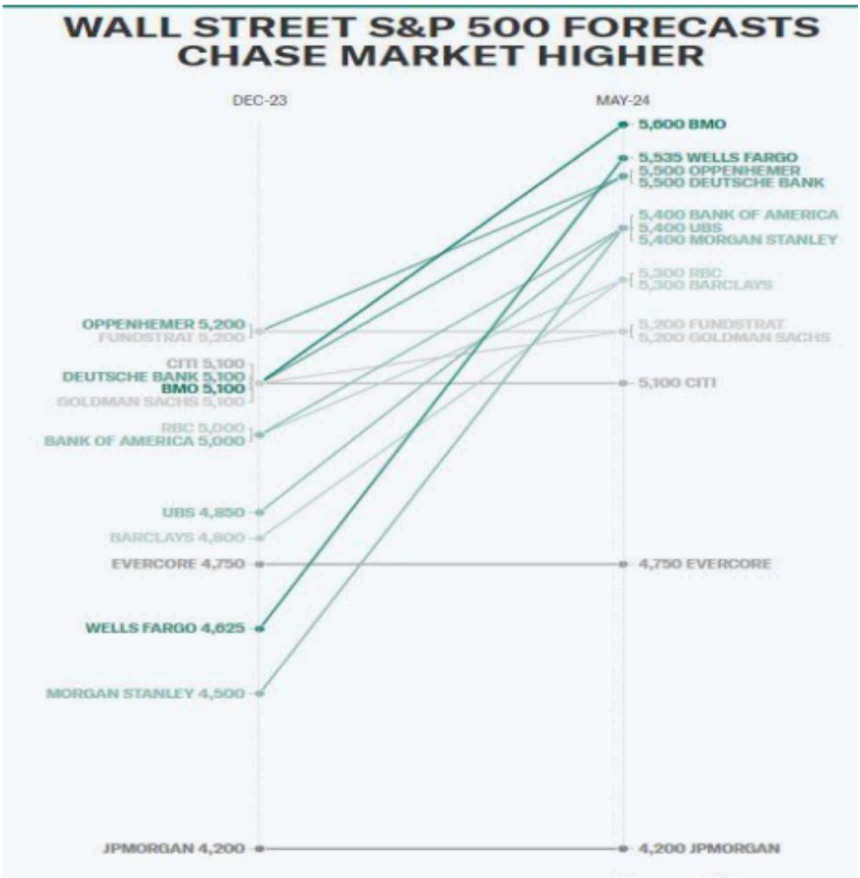
PROTECTING YOUR LIFESTYLE BY KPW

Here we look at some interesting visuals around the rising positive sentiment towards US equities and the risks associated with it.

1. As inflation falls, real rates rise. After 2022's all-time low, the U.S. real fed funds rate is back in the danger zone.



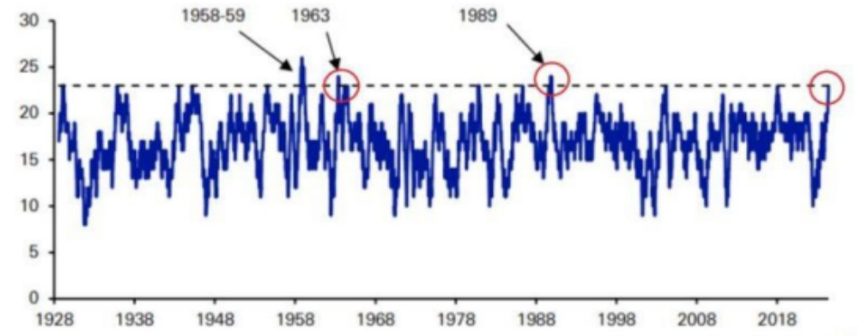
2. In the two weeks ending May 2024, three equity strategists tracked by Yahoo Finance have boosted their year-end targets for the S&P 500. The median target on Wall Street for the benchmark index now sits at 5,250, up from the median targe of 4,850 on December 30, 2023, per Bloomberg data:



3. Bullish sentiment of U.S. equities is through the roof: In May, 48.2% of Americans anticipated stock prices to increase over the next 12 months, according to the Conference Board Consumer Confidence Survey. This is the 3rd highest reading in history, only below the January 2018 and March 2024 surveys:

4. The S&P 500 recently posted its best weekly streak in 35 years. The index has increased in 23 of the last 30 weeks, ending June 1, 2024. This is a joint record since 1989, according to Deutsche Bank. It could be that some consolidation is due:

Figure 1: Number of positive weekly performances for the S&P 500 in the last 30 weeks - currently at 23/30, which is a joint record since 1989



Source : Bloomberg Finance LP, Deutsche Bank

POSTED BY @KOBEISSILETTER

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LIFESTYLE FINANCIAL PLANNING BY KPW

PRIVATE WEALTH:
SOLUTIONS FOR HIGH-NET-WORTH INVESTORS

CREATING A LEGACY OF FINANCIAL AFFLUENCE

Holistic Financial Planning is a comprehensive approach to managing one's finances that considers all aspects of a person's financial life. This method integrates various financial components—such as investments, retirement planning, tax strategies, insurance coverage, and estate planning—to create a cohesive strategy that aligns with the individual's overall life goals and values.

Unlike traditional financial planning, which may focus on isolated areas of finance, holistic planning takes into account how each financial decision can impact other areas of one's life and financial health. It's about understanding the big picture and ensuring that all financial actions are working in harmony towards achieving personal and financial well-being.

Holistic planners often delve into the client's personal goals, lifestyle choices, and financial experiences to tailor a unique plan that not only addresses immediate financial concerns but also sets a path for future financial stability and growth. The aim is to create a flexible and dynamic financial plan that can adapt to life's changes while helping individuals and families secure their financial future.

The impending intergenerational wealth transfer represents a pivotal economic shift, potentially the most substantial in recent times. Those affected stand to gain immensely from adopting a comprehensive strategy in managing their finances. KPW dedicates itself to guiding clients through this transition, emphasizing a well-rounded Holistic Financial Planning approach to financial stewardship.

Over the next few decades, it is estimated that a staggering $1 trillion will be passed down from Canada's Baby Boomers to the next generations. This shift in wealth is not just a matter of assets changing hands; it carries profound implications for financial planning, estate management, and even societal structures. As the older generation lives longer, often into their late 80s and early 90s, the planning for this wealth transfer becomes more complex, with considerations for healthcare costs and the potential for chronic diseases impacting the quality of life and financial resources.

Financial advisors are at the forefront of this transition, guiding families through the maze of options for preserving and transferring wealth. They emphasize the importance of understanding the various investment vehicles, such as segregated fund contracts, which can offer both capital protection and ease of transfer upon death, bypassing the often lengthy and complex estate settlement process. The goal is to ensure that the wealth transfer aligns with the benefactor's wishes and that the next generation receives their inheritance without unnecessary delay or conflict.

The magnitude of this wealth transfer is not limited to Canada. In the United States, an even more colossal sum of $68 trillion is expected to move from Baby Boomers to their Gen X and Millennial descendants over the next two decades, marking the largest intergenerational wealth transfer in history. This transition represents not just a transfer of wealth, but also a transfer of values and responsibilities, as the younger generations will have to decide how to manage, invest, and potentially donate this inheritance.

The implications for philanthropy are also significant, with estimates suggesting that between $30 to $60 trillion could be passed to millennials in the next decade, potentially reshaping the landscape of charitable giving and social impact initiatives.

This wealth transfer is a multifaceted phenomenon that will likely shape economic and social policies for years to come, making it a critical topic for individuals and professionals alike to stay informed about and prepare for.

Intergenerational wealth transfer is a complex process fraught with challenges that can hinder the smooth transition of assets. One of the primary issues is communication; families often struggle to discuss financial matters openly, leading to misunderstandings and conflicts. Another significant hurdle is establishing robust governance structures and succession plans that are fair and understood by all stakeholders. Preserving family values and legacy is also a delicate task, as each generation may have different views and priorities.

The complexity of managing and diversifying assets across generations can be overwhelming, especially when considering the legal, tax, and investment strategies involved. Moreover, there's the psychological aspect of entitlement and preparedness; younger generations may not always be ready or willing to manage the wealth they inherit, which can lead to mismanagement or squandering of assets. Additionally, the natural dilution of assets as they are shared among an increasing number of heirs can lead to a decrease in individual wealth over time.

To overcome these challenges, families must prioritize transparency and inclusivity in their planning. It's crucial to focus not only on the financial capital but also on human and family capital – the relationships and values that bind the family together. By investing time and effort into these areas, families can foster a sense of stewardship and responsibility in the younger generation, ensuring that the wealth is not just preserved but also grows and adapts to the changing times.

Addressing communication challenges during intergenerational wealth transfer is crucial for a smooth transition of assets. Families can start by fostering an environment of openness and inclusivity, where each member feels comfortable discussing financial matters. Regular family meetings are a practical approach, providing a structured setting for dialogue about expectations, goals, and the details of the wealth transfer process. It's also beneficial to involve heirs in financial planning early on, which can help in preparing them for their future responsibilities and reduce the sense of entitlement.

Transparency is key; sharing information about the estate plan and the reasons behind certain decisions can mitigate misunderstandings and conflicts. Professional advisors can facilitate these discussions, ensuring that technical aspects are clearly explained and understood. Additionally, creating a family mission statement that reflects shared values and goals can guide decision-making and foster unity.

Education plays a significant role as well; providing heirs with financial literacy training can empower them to manage their inheritance effectively. This can include workshops, mentorship programs, and even collaborative philanthropic projects that align with the family's legacy and values.

Ultimately, successful wealth transfer is not just about moving assets but also passing on a legacy of stewardship and responsibility. By addressing communication challenges proactively, families can ensure that their wealth serves as a foundation for future generations to build upon, rather than a source of contention.

Why Avoid Probate?

Canadian retirees planning to transfer their wealth to the next generation may be concerned about fees and expenses on their estate. Market volatility, court delays and transfer taxes can erode family wealth.

How much could wealth transfer cost in Ontario?

Here's through Probate		Here's through a BMO Segregated Fund	
Total Wealth on Death:	**$500,000**	**Total Wealth on Death:**	**$500,000**
Probate Fees[1]	-$6,750	No Additional Fees involved[1]	
Legal/Accounting[1]	-$13,000		
Executor[1]	-$20,000		
Total Wealth Distributed:	**$460,250**	**Total Wealth Distributed:**	**$500,000**
Wealth – Cost and Delays = Smaller Estate		Wealth = Estate	
$1.1 Trillion in wealth transfer to take place over the next few decades in Canada.[3]		• Private and quick transfer of wealth • Guaranteed Death and Maturity Values • Low Fee BMO ETF based investment options • Ability to lock in market gains • Creditor Protection[2]	

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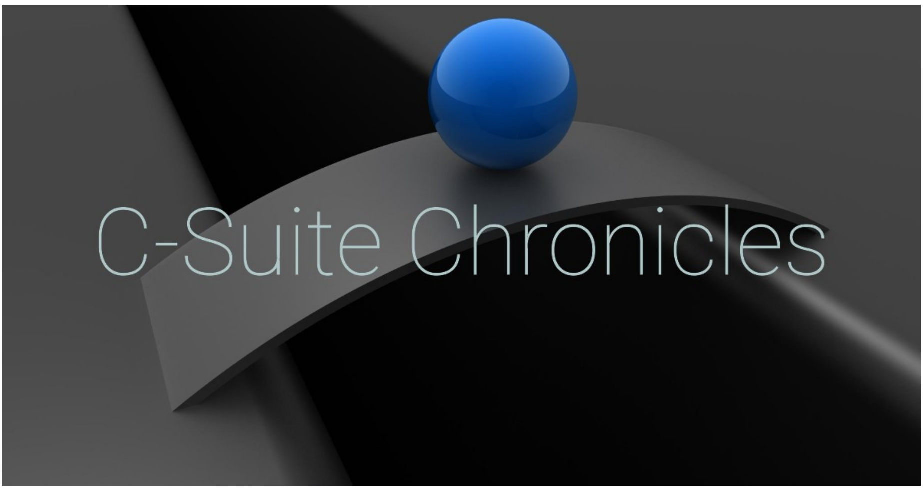

WHAT IS A HOLDCO? UNLOCK THE BENEFITS OF A HOLDING COMPANY FOR YOUR BUSINESS

What is a Holdco?

A Holdco is a company that does not produce any goods or services. Instead, this type of company is generally used to hold assets, which could be in the form of excess cash, marketable securities or shares of a private company that operates as an active business.

"As an example, let's say you have two friends who start an IT consulting company, where each own 50% of the common shares. Each individual may decide to interpose a Holdco between them and the IT company," explains Wilson. "A Holdco could also be used to hold shares of several companies, each of which owns a different part of the same business." Wilson provides an example of a pharmaceutical company, where the sole purpose of one business is to manufacture products, another is to own the real estate and a third could own the intellectual property – each business ladders up to the Holdco.

Benefits of a Holdco

There are several distinct advantages to setting up a Holdco:

Asset protection

"As a business owner, you want to have peace of mind that your hard-earned assets won't be at risk if the company is subject to litigation or creditor claims in the future. If you move assets from an operating company to a Holdco, such as excess cash or real estate, you can achieve asset protection," explains Wilson. Moving assets to a separate legal entity puts them out of reach of creditors who could go after the operating company. It is important to have the proper structure in place at the outset, and not wait until the creditors are at the door.

Control over dividend income

Going back to Wilson's example of the IT consulting company, he explains that each shareholder may want – or need – different amounts of cash to fund their lifestyle. Each shareholder may own the IT consulting company through a separate Holdco. "The operating company can pay the after-tax income up to each Holdco on a tax-free basis. At that point, the individuals have total control over how much they wish to pay themselves in dividends from the Holdco," he explains. They are also in control of the timing of the dividends.

Tax purification

When you make a profit from selling a small business in Canada, the lifetime capital gains exemption (LCGE) could spare you from paying taxes on all or part of the profit you earned. Under the 2024 Federal Budget, the LCGE exemption limit is proposed to increase to $1.25 million as of June 25, 2024, up from just over $1 million. But to qualify for the exemption, the shares you're selling must be Qualified Small Business Corporation (QSBC) shares, meaning there is a set of conditions that dictate whether or not those shares are eligible for the LCGE.

Here are the criteria in a nutshell:

Asset test – 90% or more of your company's assets must be used in an active business conducted primarily in Canada at the time of sale.

Basic asset test – 50% or more of your company's assets must be used in an active business conducted primarily in Canada for the entire 24-month period before the sale.

Holding period test – The owner of the business must have held the shares for at least 24 months before the date of the sale.

Wilson explains how a Holdco can help an owner meet some of these criteria. "If you have accumulated assets in a company and you have excess cash over and above what your general working capital requirements are, or you have passive investments, those would be considered as non-active assets," says Wilson, explaining that this situation could negate an owner's LCGE eligibility. Having excess cash and investments in a Holdco as opposed to an operating company, however, keeps the operating company "purified" so that at least 90% of its assets are used in the active business. The result is that its shares may qualify for the LCGE. In order to qualify for the LCGE, the non-active assets should not be owned by a Holdco which is a direct shareholder of the operating company. This generally means undergoing a series of transactions to remove redundant assets before a sale can take place, or setting up a more complex ownership structure that will permit ongoing purification.

Estate planning

Another advantage of a Holdco is the ability to do estate freezes and succession planning. In an estate freeze, the company's share value is frozen for the original shareholders and all future growth is passed on to the next generation.

"Let's say you have a parent who is nearing retirement who owns shares of a successful operating company that's continuing to grow. The parent could transfer their shares of the operating company to a Holdco and take back fixed value or frozen preferred shares," explains Wilson. "The adult children could then subscribe for common shares at a nominal amount. What has happened is the parent now has limited their estate tax liability by freezing the value of their shares." At the same time, the Holdco provides a place from which the parent can pay dividends to fund their lifestyle costs.

The estate planning strategy may be combined with LCGE planning so that the parent may claim any eligible LCGE at the same time of the estate freeze. The parent's ability to claim the LCGE will not be affected by the future direction of the company.

Tax deferral

Operating companies in Canada have low tax rates on business income. So, by keeping funds in a Holdco rather than paying dividends to an individual shareholder, you can also create tax deferral opportunities. For instance, an Ontario operating company might pay 12.2% corporate tax on the first $500,000 of their active business income. If this were paid to an Ontario resident, individual shareholder, they would pay 47.74% tax on those dividends. “But if the after-tax income is paid to a holding company, you won’t need to pay any additional taxes on these profits until the funds get distributed to the individual shareholder,” explains Wilson.

Holdco tips for business owners

While there are many benefits to a Holdco, there is some complexity involved in setting one up so that it provides all the benefits you expect to gain. Wilson offers these tips:

Have a team to help set up your Holdco. Accountants, tax advisors and investment advisors can help design what your company structure should look like according to your intentions for your business, the type of growth you’re looking for and your plans for selling. “You want to have the right structure in place from the beginning so that everything operates smoothly,” advises Wilson.

Make a practice of regularly transferring excess assets to a Holdco. If you’re considering selling your company or looking to protect your assets from creditors, shares must be held in a Holdco for at least 24 months. Regularly transferring excess assets can keep you from scrambling right before you’re looking to sell or seek protection for your assets from creditors.

Be as proactive as possible. If you feel there is potential to sell your business in the future, it’s important to remember the criteria involved in qualifying for the LCGE. “Your business has to be purified and your assets have to be in the right place before you sell,” advises Wilson. “You must have a clear 24-month period where more than 50% of the company’s assets are used in an active business for the entire 24-month period before the sale [to qualify].”

For many businesses, a Holdco can offer several significant benefits, including a deferral of income taxes and asset protection. However, establishing a Holdco does add an extra layer of complexity to your business structure. Seeking advice from financial, tax, legal and accounting experts can help ensure you structure your Holdco properly from the outset and realize the many advantages it has to offer.

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LIFESTYLE FINANCIAL PLANNING BY KPW

Investors today are faced with ever-changing market conditions, an often overwhelming amount of information from the media and an increasing number of investment choices. It's not surprising that the world of investing can seem complex.

But the principles of successful investing are quite simple. The five investment principles outlined in this guide can collectively serve as a blueprint for building an effective long-term portfolio designed to achieve your financial goals

1 Invest early

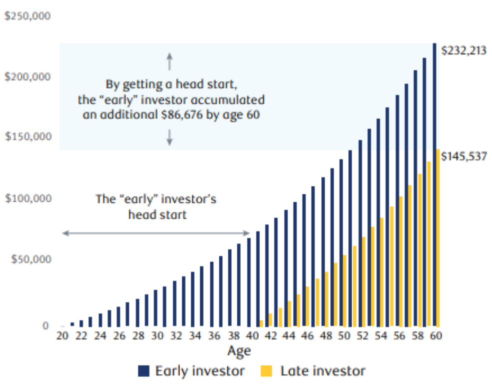
1 Invest early | 2 Invest regularly | 3 Invest enough | 4 Have a plan | 5 Diversify your portfolio

Getting an early start on investing is one of the best ways to build wealth. Investing for a longer period of time is largely recognized as a more effective strategy than waiting until you have a large amount of savings or cash flow to invest. This is due to the power of compounding.

Compounding investment returns is the snowball effect that occurs when your earnings generate even more earnings. Essentially, your investments grow not only on the original amount invested, but also on any accumulated interest, dividends and capital gains.

The longer you are invested, the more time there is for your investment returns to compound. Time has historically enabled investors to take advantage of long-term market returns to effectively grow portfolios over the long run.

Investing early can pay off over the long term



The chart represents an early investor who invests $200 per month for 40 years and a late investor who invests $400 per month for 20 years. Both have invested a total of $96,000 by age 60. Assumes a 4% annualized rate of return. Used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of any particular investment. Source: RBC Global Asset Management Inc.

2 Invest regularly

Investing often is just as important as investing early. A regular investment plan allows you to choose when and how often you make contributions to ensure that investing remains a priority throughout the year, not just during certain periods – like the yearly RRSP contribution deadline. This enables you to apply a disciplined savings approach to help successfully build wealth over time. Investing regularly also allows you the opportunity to ease into any type of market (rising, falling, flat) and reduce long-term portfolio volatility. This is the case because investing a fixed dollar amount on a regular basis gives you a chance to buy more investment units when prices are low and fewer units when prices are high, thereby potentially reducing the average cost of your investment over the long term.

Your monthly savings can really add up

Number of years invested	Monthly contribution amount			
	$50	$100	$250	$500
5	$3,309	$6,618	$16,545	$33,090
10	$7,335	$14,670	$36,674	$73,348
15	$12,233	$24,466	$61,164	$122,329
20	$18,192	$36,384	$90,960	$181,921
25	**$25,442**	**$50,885**	**$127,212**	**$254,424**

Source: RBC Global Asset Management Inc. Assumes a 4% annualized rate of return. Used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of any particular investment.

3 Invest enough

Achieving your long-term financial goals begins with saving enough today. Saving for a major goal like a house, post-secondary education or retirement requires considerable thought and decision making – but that is only half the battle. It is vital to know how much you need to begin saving today in order to have a large enough investment portfolio to support your future goal.

HOW MUCH IS ENOUGH?

Going through various questions with your advisor, such as the ones listed below, will help you determine how much savings you will need to fund your goal.

- What is your goal (e.g. retirement lifestyle, cottage)?
- How much will you need to attain your goal?
- What savings do you currently have in place to meet your goal?
- What is the time horizon required to reach your goal?

Generally, the more you save today, the less you will need to save in the future to achieve the same goal as someone who invested more over a shorter period of time. Your current income is a useful starting point for calculating certain long-term goals – like your retirement savings needs – since the more you make today, the more savings you will likely need to fund your lifestyle in retirement.

4 Have a plan

Don't let your emotions influence your investment decisions. When market volatility increases, even experienced investors can become overly focused on short-term movements. This can lead to hasty decisions, chief among them timing the markets – investing after markets have already risen and/or redeeming existing investments after markets have already fallen.

Your advisor can help you create an investment plan that helps ensure you are saving enough today to reach your future goals.

The key to avoid making rushed investment decisions is to maintain perspective and focus on the long term. With a well-structured plan in place, you can confidently remain committed to it, knowing that day-to-day market fluctuations are likely to have little impact on your longer-term objectives or on the investment strategy designed to get you there.

There will always be reasons not to invest

5

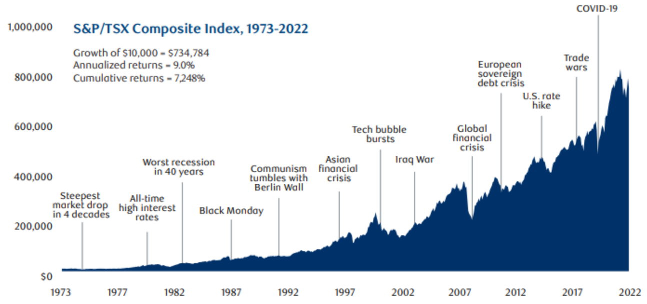


Chart illustrates the growth of $10,000 in the S&P/TSX Composite Index (total returns) from January 1, 1973 to December 31, 2022. An investment cannot be made directly in an index. Graph does not reflect transaction costs, investment management fees or taxes. If such costs and fees were reflected, returns would be lower. Past performance is not a guarantee of future results. Source: Bloomberg, RBC Global Asset Management Inc. Values and performance are in CAD.

Diversify your portfolio

It's important to spread your investments across different asset classes. When it comes to investing, one of the easiest ways that you can manage risk and improve your probability of success is to take advantage of diversification opportunities through different asset classes, geographical markets and industries. Financial markets do not move in step with one another. And at various points in the market cycle, different types of investments or asset classes – such as cash, fixed income and equities – will have varying performance. This performance varies because asset classes can respond differently to changes in environmental factors, including inflation, the outlook for corporate earnings and changes in interest rates. By holding a combination of different asset classes in your portfolio, you can take the guesswork out of predicting winning and losing investments in any given year.

A strong case for diversifying your investment portfolio

2018	2019	2020	2021	2022
US Equities 3.8%	US Equities 25.1%	EM Equities 16.6%	US Equities 27.9%	Cash 1.7%
Global Bonds 1.9%	CDN Equities 22.9%	CDN Bonds 2.5%	CDN Equities 25.1%	CDN Equities -5.8%
CDN Bonds 1.4%	INTL Equities 16.5%	Balanced 10.0%	Balanced 11.2%	INTL Equities -7.8%
Cash 1.3%	Balanced 15.5%	CDN Bonds 8.7%	INTL Equities 10.8%	Balanced -10.2%
Balanced -1.1%	US HY Bonds 14.0%	INTL Equities 6.4%	US HY Bonds 4.6%	US HY Bonds -11.1%
US HY Bonds -2.9%	EM Equities 12.9%	Global Bonds 6.0%	Cash 0.1%	CDN Bonds -11.7%
INTL Equities -6.0%	CDN Bonds 6.9%	CDN Equities 5.6%	Global Bonds -2.3%	US Equities -12.3%
EM Equities -6.9%	Global Bonds 6.8%	US HY Bonds 5.1%	CDN Bonds -2.5%	Global Bonds -13.2%
CDN Equities -8.9%	Cash 1.7%	Cash 0.6%	EM Equities -3.1%	EM Equities -13.9%

All returns are total returns in Canadian dollars, unless otherwise noted.
Source: RBC Global Asset Management Inc. as of December 31, 2022.

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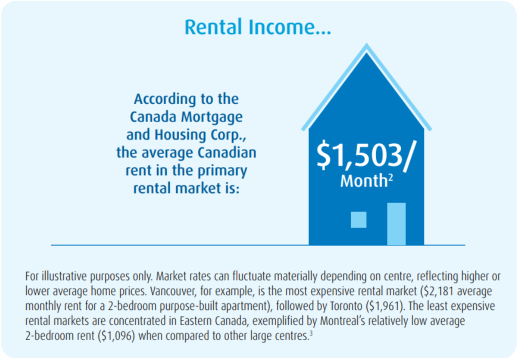
PROTECTING YOUR LIFESTYLE BY KPW

BMO Global Asset Management

More than one in four Canadian homeowners are either already landlords or plan to earn income by renting out space in their primary residence or separate rental property[1]. Is it worth it? For comparison, let's take a look at what an investment in BMO's suite of enhanced dividend and covered call funds can generate relative to average rental incomes nationally.



- Equities have historically been a more effective way to grow wealth compared to real estate.
- The S&P/TSX Composite Total Return Index has delivered more than 11% annually since 2018, compared to 7.1% yearly appreciation in average Canadian home prices.

...Versus Portfolio Income

The monthly cash flow generated from a $250,000 investment in a fund from BMO Global Asset Management's suite of enhanced dividend and covered call offerings is:

	Monthly Distribution[7]	Details
BMO Covered Call Canadian Banks ETF Fund (Series F)	$1,563.93/ month	• Targeted exposure to Canadian Banks • 6.7 cents monthly distribution • MER[8] – 0.73% • Series F code – BMO95765 • Fund profile and fund facts
BMO Covered Call Europe High Dividend ETF Fund (Series F)	$1,462.25/ month	• 100% European dividend paying stocks • Hedged to CAD to remove currency volatility • 5.8 cents monthly distribution • MER[8] – 0.73% • Series F code – BMO95767 • Fund profile and fund facts
BMO Covered Call Canada High Dividend ETF Fund (Series F)	$1,491.75/ month	• 100% Canadian dividend paying stocks • Broadly diversified across sectors • 5.1 cents monthly distribution • MER[8] – 0.73% • Series F code - BMO95127 • Fund profile and fund facts
BMO Global Enhanced Income Fund (Series F)	$1,371.95/ month	• Income from equity portfolios • Broadly diversified across global securities • 5.5 cents monthly distribution • MER[8] – 0.73% • Series F code – BMO95166 • Fund profile and fund facts
BMO Covered Call U.S. High Dividend ETF Fund (Series F)	$1,103.74/ month	• 100% U.S. dividend paying • Broadly diversified across sectors • 5.2 cents monthly distribution • MER[8] – 0.73% • Series F code – BMO95766 • Fund profile and fund facts

[1] CIBC Private Wealth poll, May 2023.
[2] Primary Rental Market, turnover units (Defined as being "occupied by a new tenant who moved in during the past 12 months."). Rental Market Report, Canada Mortgage & Housing Corp. (CMHC), January 2024.
[3] Rental Market Report, Canada Mortgage & Housing Corp. (CMHC), January 2024.
[4] S&P/TSX Composite Total Return Index, annualized rate of return of 11.1% between January 1, 2018–December 31, 2023; Bloomberg.
[5] Statista, Canada average house price appreciation, 2018-2023.
[6] For illustrative purposes, comparing broad Canadian equity market performance to average home price performance over the specified time frame.
[7] Based on $250,000 invested on May 1, 2024. ($250,000/unit price x predetermined monthly distribution per unit).
[8] Management Expense Ratio (MER) as of September 30, 2023

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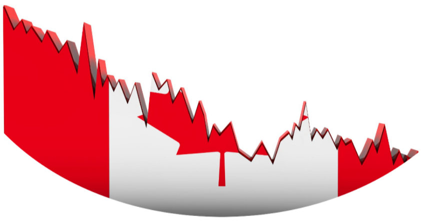

BANK OF CANADA REDUCES PRIME INTEREST RATE

BY SERGIO SIMONE

In a move that marks a significant shift in monetary policy, the Bank of Canada has announced a reduction in its key interest rate by 25 basis points, bringing it down to 4.75%. This decision, the first rate cut since March 2020, comes as a response to the cooling inflation trends and a more stable economic outlook. The rate cut is expected to have a direct impact on Canadians, particularly those with variable-rate mortgages and loans, who will see an immediate decrease in their interest rates. This policy change is a reflection of the "considerable progress" that has been made in managing inflation, according to Bank of Canada governor Tiff Macklem.

The central bank's action signals confidence in the country's economic resilience and a pivot towards fostering growth after a period of aggressive rate hikes aimed at curbing historically high inflation rates. The Bank of Canada's move also sets it apart as the first among the G7 nations to reduce interest rates in the current economic cycle, highlighting its unique position in the global financial landscape. The rate cut is seen as a welcome relief for borrowers who have been grappling with rising costs, and it is anticipated to matter significantly in the pocketbooks of Canadians.

Economists and financial markets had widely anticipated this rate cut, which arrives at a time when annual inflation has significantly retreated from the decades-high levels experienced in 2022. The easing of inflationary pressures, coupled with a slowing economy and a loosening labor market, has provided the central bank with the room to maneuver away from the restrictive policies that have been in place. The Bank of Canada's governing council believes that the current cooling trends in inflation mean that the policy rate no longer needs to be as restrictive to maintain price stability.

The implications of this rate cut are far-reaching, affecting not only the cost of borrowing but also signaling a broader economic shift. For homeowners with variable-rate mortgages, this cut represents a **"step in the right direction,"** offering some respite from the rapid tightening cycle that saw monthly payments increase in tandem with the central bank's rate hikes. Financial experts suggest that this is a defining moment for homeowners who have persevered with variable rates despite the rising costs.

As the first G7 nation to implement a rate reduction amid global efforts to manage inflation, Canada's economic strategy will be closely watched by international markets. The Swiss National Bank and the Swedish central bank had previously delivered rate relief earlier in the year, but Canada's decision is particularly notable given its G7 status. The Bank of Canada's announcement is not only a pivotal moment for the Canadian economy but also a potential indicator of shifting trends in global monetary policy.

This rate cut by the Bank of Canada is a nuanced decision that balances the need to support economic growth with the imperative to maintain financial stability. It reflects a careful assessment of the current economic conditions and an adaptive approach to monetary policy. As the effects of this rate cut unfold, it will be important to monitor the ongoing impact on the Canadian economy and the financial well-being of its citizens.

Unfortunately, even good news must sometimes be taken with a grain of salt. The recent rate cut, while aimed at fostering economic growth, carries with it several potential risks that warrant careful consideration. A primary concern is the possibility of a depreciating Canadian dollar, which, although beneficial for exporters, could lead to increased costs for imports, thereby contributing to inflationary pressures.

Additionally, there is the risk of overheating the housing market, as lower interest rates may encourage increased borrowing, driving up demand and prices in an already hot market.

Another significant risk is the potential for creating imbalances in the financial system. With cheaper borrowing costs, there is a temptation for both consumers and businesses to take on more debt, which could lead to financial vulnerabilities if economic conditions worsen. Moreover, a rate cut could signal a lack of confidence in the economy's strength, potentially deterring investment and leading to slower economic growth in the long term.

In summary, while the rate cut by the Bank of Canada aims to support economic activity and provide relief to borrowers, it is not without its risks. These include potential currency depreciation, increased inflation, financial imbalances, and economic volatility. The central bank's decision reflects a complex trade-off between stimulating economic growth and managing the potential adverse effects on the economy and financial system. As such, the impact of this policy change will need to be closely monitored in the coming months.

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TECHNOLOGY & COMMUNICATIONS

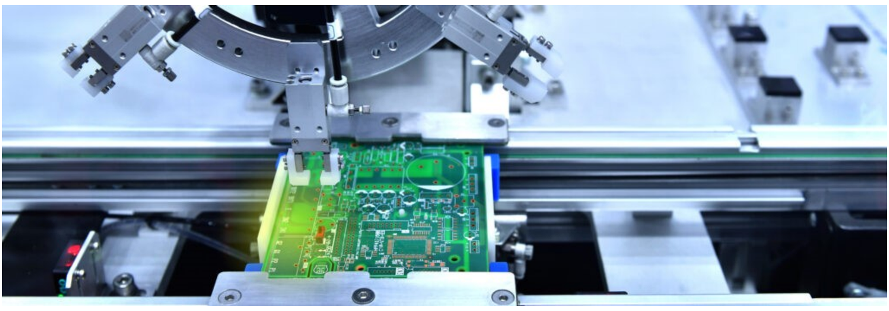
By Shane Obata, Portfolio Manager

The financial commitment to AI technology is immense, with global cloud capital expenditures (CapEx) projected to surge from $150 billion in 2024 to a staggering $180 billion in 2025, according to Morgan Stanley's estimates. This significant investment underscores the enduring nature of AI's influence and aligns with industry statements indicating a multi-year investment cycle, positioning AI as a transformative force with long-term implications.

While mega-cap tech companies continue to spend on data center GPUs (crucial components for AI processing), their demand is being outpaced by the burgeoning enterprise sector. This shift highlights the expanding reach of AI beyond traditional tech giants, as industries like automotive and healthcare increasingly embrace AI to enhance their operations, products, and services. Moreover, the emergence of "sovereign AI," representing demand from national governments and related institutions, adds another dimension to the market, with potential to generate high-single-digit billions of dollars in value in 2024.

Amidst this dynamic landscape, Taiwan Semiconductor Manufacturing (TSM) emerges as a compelling investment opportunity. Despite being one of the most affordable "AI semis," TSM is projected to derive a substantial 20% of its sales from AI by 2025. Beyond its attractive valuation, TSM's technological agnosticism sets it apart. The company's ability to benefit from various architectures (e.g. x86 or Arm), processors (e.g. GPU vs. CPU), and computing models (e.g. Cloud vs. Edge) ensures adaptability in a rapidly evolving field. TSM's leading position in advanced manufacturing, boasting over 90% market share in cutting-edge applications, further solidifies its appeal.

In the broader market, there's a prevailing preference for semiconductors and hardware over software, although this dynamic is expected to shift eventually. Such a change seems unlikely soon, however, as companies are likely to prioritize one-time investments in AI hardware upgrades over committing to recurring fees associated with AI software capabilities. This trend underscores the immediate importance of players like TSM in driving the ongoing AI revolution.



CAN GLOBAL EQUITY MARKETS KEEP RALLYING DESPITE DIMINISHED RATE CUT EXPECTATIONS?

AGF's CEO and Chief Investment Officer discusses the ongoing rally in stocks and why investors seem unphased by a monetary policy backdrop that has been decidedly less accommodative than anticipated at the beginning of the year.

What is driving global equity markets to new all-time highs after hitting a rough patch in April?

The current leg higher is being fueled mostly by the belief that the U.S. Federal Reserve (Fed) is finally done hiking rates and slowly inching towards a rate cut later this year. Granted, investors should know by now that's hardly a guarantee. Nor does it sound like much of a catalyst given what expectations used to be just a short few months ago. In fact, if you recall, many forecasters – but not us – had assumed the Fed was getting set to cut six or seven times this year and was well past the point of needing to raise rates again. Yet, that expectation has not become reality – not even close. And while global equity markets continued to rally early on as investors adjusted to the fact of the Fed taking a less accommodative stance than anticipated, there was a limit to how much they were willing to accept.

More specifically, the pullback in April was precipitated by fresh fears the Fed would end up not cutting rates this year and would even be forced to raise rates in another attempt to quell the country's stubborn inflation rate, which had ticked up two months in a row (February and March) to a level higher than it was at the end of last year.

In response, Fed Chairman Jerome Powell downplayed the possibility of more rate hikes, saying in his press conference following the Federal Open Market Committee's (FOMC) latest decision in early May that such an outcome was "highly unlikely." In turn, that eased some of the fears being felt by investors and helped reignite the rally in global equity markets, which, by then, was already beginning to gain renewed steam.

Still, the icing on the cake, so to speak, was the release earlier this month of April's global inflation rate dropping to 3.4% from 3.5% previously. This was followed by much weaker retail sales data, which implies a consumer slowdown that could stem a further push higher in prices. Combined, this not only gave more credence to Powell's statement about rate hikes being unlikely at this juncture in the cycle but has also reignited the chance of at least one potential rate cut – if not more – before 2024 draws to a close.

So, while investors aren't getting what they originally expected of the Fed – and have struggled at times reconciling this reality – we believe they now seem largely content with what's more realistically ahead of them. Indeed, even the recent release of the FOMC's minutes from May, which show some Fed participants are willing "to tighten policy should further risks to inflation materialize" hasn't stopped benchmarks like the S&P 500 Index from continuing their upward trajectory.

Are there other factors that are allowing investors to still view Fed policy as a "glass half full" proposition for equity markets?

It's not like investors have just stayed the course. As mentioned, there was the pullback in April and the breadth of market returns since then has diminished, much like it did during long stretches of last year when market-cap weighted indexes performed significantly better than equal-weighted ones. And we believe this crowding effect may continue until there's greater assurance about rate cuts and the economy at large. After all, in this environment, investors generally feel more comfortable investing in names that are more resilient to swings in economic activity than they are in sectors or stocks that tend to benefit more in periods of economic strength and certainty.

Of course, having said that, there's no question that another season of solid earnings results has helped fortify the new leg in the rally. As of last week, 78% of S&P 500 companies have reported earnings per share above estimates, which is higher than both the five-year average of 77% and the 10-year average of 74%, according to Factset data.

In addition, companies have reported earnings that are 7.5% above estimates, which is below the five-year average, but above the 10-year average of 6.7%.

Beyond that, it shouldn't be understated how powerful rallying markets are in and of themselves in terms of creating upward momentum in stock prices. Retail investor participation, in particular, has increased dramatically in recent weeks, suggesting these types of investors are feeling more confident about the prospects of global equities – especially given how auspicious returns have been since the end of October and "the fear of missing out" feeling that may be creating.

Ultimately, there may not be as clear a path forward for investors as the current rally suggests. All it might take for the market to start wobbling again is for inflation to tick up or not fall fast enough. Or for there to be a release of another economic data point that puts in question the idea that the Fed is done hiking rates and ready to cut some time this year. And that's true not just in the United States, but in other countries like Canada as well, where a rate cut may be closer at hand, but still largely dependent on inflation continuing to move lower.

Moreover, investors can't lose sight of some of the ongoing geopolitical risks that are at play or the U.S. election in November, which has the potential to roil markets and impact Fed policy all on its own.

At best, then, we believe global equity markets still have the potential to move higher from here, but not likely without interruption or at the same torrid pace as the past six months.

NEUBERGER | BERMAN

It All Rests on Infrastructure

By: Shannon L.Saccocia, CFA, Chief Investment Officer—Private Wealth

We see the asset class underpinning several key growth megatrends, but also the return of "big government" and its pursuit of security and protectionism.

Recently in this space, Multi-Asset CIO Erik Knutzen made the point that focusing on "structural economic and political trends" is more practical for investors than trying to untangle the implications of specific elections or geopolitical events.

Similarly, our Fixed Income Co-CIOs, Brad Tank and Ashok Bhatia, have argued that the destination for rates and inflation is more important than the journey. The journey may be stop-start and very bumpy, depending on what the latest macroeconomic data means for reactive, data-dependent central banks. The destination—lower than last year, but likely higher than the average of the past two decades—looks to us clearer and easier to act upon.

Focusing on structural trends rather than trying to second-guess the business, rates or political cycles doesn't always simplify things, however. Many structural "megatrends" are being touted, from the clean-energy transition and fragmenting global supply chains, to the return of inflation and the Internet of Things, just to scratch the surface.

Is there some kind of overarching theme—or, even better, an investment opportunity—that brings them all together? We think there is: infrastructure.

Diversifying, Near-Shoring, Friend-Shoring and Re-Shoring

As the name suggests, infrastructure is the stuff sitting under every part of the economy, making it work: bridges, roads, tunnels, power grids, hospitals, schools, datacenters, ports. Whatever the great economic and investment themes of the next generation turn out to be, and however complex their nuances, without infrastructure they are not going to happen.

Let's take a theme that stretched across both our Solving for 2023 and Solving for 2024 outlooks, but in slightly different forms. For 2023, the outlook came right out and called for "More De-Globalization," focusing on how supply chains were being disrupted by geopolitical tensions and companies reassessing risk after the pandemic. This year, we thought governments would shift away from supporting consumers and toward what I called "fiscal spending directed at industry—and specifically security-related spending."

Both themes help to explain why companies are diversifying, near-shoring, friend-shoring and re-shoring different parts of their global supply chains all at the same time—in pursuit of business resilience and in response to political risks and incentives.

As a result, ports and their supporting logistical infrastructure are undergoing huge change. As customs borders harden and tariffs are raised and applied more widely, focus is growing on investments in the technology and capacity of ports to process goods more efficiently and cost-effectively. And as near- and friend-shoring reshapes trade routes, some ports and their supporting infrastructure will need to be upgraded.

Re-shoring—an increasingly clear objective across much of the political spectrum, as Erik observed—often means more than simply building new domestic manufacturing facilities. Those facilities may themselves require additional power, logistics and transport infrastructure to be viable and efficient. And for that infrastructure to be environmentally sustainable, we believe investment will be required to shift power provision toward natural gas and renewables and to accelerate the electrification of domestic transport and logistics.

Megatrends

These examples indicate how infrastructure investment ties together a range of different megatrends: deglobalization, rising political and geopolitical risk, the return of manufacturing to developed economies, the energy transition, the electrification of the economy. This has implications for investment risk: If one megatrend falters or fades, support from the others remains.

Similarly, let's take a new potential megatrend that many public-equity market investors missed out on over the past year: artificial intelligence (AI).

For those who have not been overweight in AI-related stocks, the likelihood that the benefits of AI will spread through non-tech sectors may offer some solace. However, for those who were already invested in telecommunication infrastructure and datacenters—to get exposure to the next-generation connectivity, next-generation mobility, Internet of Things, Big Data, robotics and automation themes—the emergence of AI is just another source of growth to add to the list.

Security, Resilience and Protectionism

In short, infrastructure has provided the essential building blocks of an industrial economy for 200 years, but is also exposed to the most notable investment themes of our age.

It can be defensive, often taking the form of essential real assets with regulated and inflation-linked cash flows. It can be aggressively growth-oriented, in the form of new and enhanced assets built to support dynamic economic megatrends. It can even be both simultaneously: We live in a moment when utilities are emerging as a vital enabler of the latest developments in technology.

But perhaps most importantly, in our view, infrastructure in almost all its forms is positively exposed to one of the key political and economic themes of our time: the return of big, free-spending, interventionist government in pursuit of security, resilience and protectionism. To limit the economic friction this implies, substantial public and private investment in new and enhanced infrastructure is a strategic necessity.

LIFESTYLE PLANNING BY KPW

CRA ANNOUNCES PRESCRIBED RATE FOR Q3

IS CANADIAN INFLATION WORSE THAN REPORTED?

BUDGET MEASURES FORCE DONORS TO REVISIT ESTATE PLANS

CANADA'S ECONOMY GREW BY 0.4%, BOLSTERING CASE FOR RATE CUTS

EUROPEAN CENTRAL BANK CUTS INTEREST RATES FOR THE FIRST TIME SINCE 2019

EURO SLIDES TO ONE-MONTH LOW AFTER MACRON CALLS SNAP FRENCH ELECTION

HOW THE US IS DARING THE WORLD TO FIND A DOLLAR ALTERNATIVE

U.S. FINANCIAL CONDITIONS UPDATE: A SHIFT IN STRUCTURE AND A NEW CENTER OF GRAVITY

FED HOLDS RATES STEADY, SEES JUST ONE CUT THIS YEAR

DOLLAR DOMINANCE IN THE INTERNATIONAL RESERVE SYSTEM

FEDS OFFER FEW CARVEOUTS TO CAPITAL GAINS INCLUSION RATE HIKE

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TECH TALK WITH MARCELLO MONTANARI AND ROB CAVALLO. EPISODE 5: TECH EARNINGS AND AN OUTLOOK FOR THE HEALTH CARE SECTOR

STRONG CONSUMER SPENDING HOLDS PROMISE OF CONTINUED U.S. GROWTH

INTEREST RATES EXPECTATIONS STILL IN FLUX, CHINA’S EQUITY MARKET BACK IN PLAY

NOAH BLACKSTEIN ON CNBC SQUAWK BOX

3 INVESTING IDEAS FOR THE REST OF 2024

OUTPERFORMANCE WITHOUT THE ‘MAGNIFICENT 7’ - ROBERT TAYLOR, SVP & CHIEF INVESTMENT OFFICER, CANOE FINANCIAL

JASON ISAAC, PORTFOLIO MANAGER, AT CUMBERLAND INVESTMENT COUNCEL INC. ON NCM GLOBAL INCOME AND GROWTH CLASS

CALDWELL U.S. DIVIDEND ADVANTAGE FUND COMMENTARY

U.S. DISINFLATION, NORTH AMERICAN DIVIDEND STOCKS

MID-YEAR OUTLOOK: U.S. STOCKS AND ECONOMY

CHARLES SCHWAB: MID-YEAR OUTLOOK: U.S. STOCKS AND ECONOMY

MACKENZIE FINANCIAL—2024 MID-YEAR OUTLOOK

BMO GLOBAL INNOVATORS FUND—ACTIVE ETF SERIES—MONTHLY COMMENTARY

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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.

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