Kleinburg PRIVATE WEALTH

Carte WEALTH MANAGEMENT INC.

MAY 2025 EDITION
VOLUME 14, ISSUE 5

KPW FINANCIAL NAVIGATOR

905.893.2540
info@kpwfinancial.com

Kleinburg PRIVATE WEALTH

Carte WEALTH MANAGEMENT INC.

IMAGINE YOUR FUTURE

"The true investor welcomes volatility...a wildly fluctuating market means that irrationally low prices will periodically be attached to solid businesses" -Warren Buffett-

THE WAY I SEE IT

By SERGIO SIMONE

At KPW, we pride ourselves on delivering thoughtful insights that help our clients navigate an evolving investment landscape. Today, we embrace a timeless mantra: ***"Hope for the best, plan for the worst."*** While our current market fundamentals point to a positive trajectory over the next year, we never lose sight of the need to anticipate potential headwinds.

A Positive Landscape Backed by Strong Fundamentals

Recent indicators suggest that the underlying strength of the markets remains robust. Corporate earnings are resilient, supported by steady economic growth and sound business confidence. Low unemployment levels, healthy consumer sentiment, and ongoing technological innovation are helping to drive investment in core sectors. In many respects, these factors fuel an optimistic view of the markets as we look ahead to 2025.

However, these favorable fundamentals do not guarantee a smooth ride. As prudent investors, we constantly challenge our outlook by asking the inevitable question: ***"What if I'm wrong, and how am I going to mitigate the risk?"*** This introspection is vital—it ensures that our strategies account for the unpredictable twists that sometimes come with rapid market shifts.

Balancing Growth with Caution

While the economic indicators offer promising signs of growth, there are uncertainties that could test even the strongest fundamentals. Global geopolitical events, shifts in monetary policy, or unforeseen market volatility can quickly reshape economic expectations. With this in mind, our approach always combines optimism with thorough risk management.

At KPW, our investment strategies typically include:

Diversification: We spread exposure across a range of sectors and asset classes, ensuring that a downturn in one area doesn't disproportionately affect the portfolio.

Hedging Strategies: We employ various financial instruments to manage downside risk, acting as a buffer if markets take an unexpected turn.

Ongoing Risk Assessment: Regular portfolio reviews and stress testing help us adjust quickly—ensuring that if conditions change, we're not caught off guard.

Our mindset is clear: while we are excited by the potential of a robust market landscape, we also build contingencies to protect against adverse scenarios. This disciplined approach allows us to seize opportunities today while preparing for the uncertainties of tomorrow.

Disclaimer

Risk Mitigation: Diversifying with Non-Market Correlated Exposure

At KPW, our commitment to managing risk goes hand in hand with our pursuit of growth. One way we enhance portfolio resilience amid market volatility is by incorporating non-market correlated exposures, like the Equiton Residential Income Fund.

Why Equiton? The Equiton Residential Income Fund gives portfolios access to high-quality residential real estate assets that historically have shown low correlation with traditional asset classes such as equities and conventional fixed-income securities. This means that while broader market swings may impact other investments, the steady income and stability provided by residential properties can help buffer your portfolio against sudden downturns.

Lower Volatility and Reliable Income: With its focus on rental income from well-located residential properties, the fund tends to deliver more consistent performance, even during periods of market uncertainty. The reliable income stream acts as a stabilizing agent—smoothing overall returns and reducing the portfolio's reaction to immediate market fluctuations.

The Dual Benefits of Diversification: By adding non-market correlated exposure through the Equiton Residential Income Fund, we achieve two key objectives:

Enhanced Portfolio Stability: The low correlation means that the fund's performance can offset losses from more volatile market segments.

Balanced Growth Participation: While we maintain a positive long-term market outlook, and remain optimistic about market fundamentals, this strategy ensures that we are well-equipped to mitigate downside risks if conditions change unexpectedly.

Integrating the Equiton Residential Income Fund into client portfolios embodies that balance—providing both exposure to growth opportunities and a safeguard against market turbulence.

Enhancing Portfolio Resilience with the Forge First Conservative Alternative Fund

In our pursuit of balanced growth while mitigating risk, we've integrated the **Forge First Conservative Alternative Fund** into our portfolios. This fund offers a unique edge by delivering returns with low market correlation, which means its performance does not move in lockstep with traditional asset classes. In volatile market conditions, such exposure can help cushion the overall portfolio, reducing the impact of sudden downturns.

The key benefits of this fund are: Reduced Volatility, Enhanced Stability and Diversification with a Purpose. So, while this fund isn't about completely avoiding market exposure, it's about maintaining a balanced perspective. This fund serves as a critical counterbalance to more cyclical sectors, ensuring that when markets shift unexpectedly, your portfolio is better positioned to weather the storm.

I encourage you to speak with myself, Ryan or Kristina to learn more about these strategies and if they can help alleviate some stress in your portfolios during trying times.

THE WAY I SEE IT

As we project a year of favorable market performance driven by solid economic fundamentals, our internal conversations continually emphasize preparedness. The question isn't whether the market will offer potential gains—it's how we respond when the unexpected occurs. Being proactive today means mitigating risks tomorrow, ultimately protecting your investments against volatility.

Even if our forecasts prove overly optimistic, our layered risk management strategy will help cushion any impact. It's this blend of faith in positive trends and readiness for potential setbacks that sets our advice—and our investments—apart in dynamic market conditions.

In Conclusion

At KPW, our commitment is twofold: we strive for growth while always planning for contingencies. Our positive outlook for 2025 is built on sound fundamentals, yet every decision is tempered by the wisdom of asking, **"What if I'm wrong, and if I am, how am I going to mitigate the risk?"** This balanced approach ensures that while we aim high, we remain anchored in caution—so you can confidently pursue your financial goals regardless of what the future holds.

Thank you for your continued trust in our guidance. We remain dedicated to keeping you informed and prepared, every step of the way.

LIFESTYLE FINANCIAL PLANNING BY KPW

Life Planning involves the use of specialized tactics to help people achieve their ideal lifestyle. **At KPW Financial**, tactics are broken down into three specialized areas: Financial Planning Tactics, Personal Planning Tactics, and Funding "wants".

Financial-planning tactics are the first that you should apply in a plan. For example, sharing CPP and splitting pension income can have a meaningful impact on a plan simply by taking advantage of tax-saving opportunities. Another financial planning tactic is where to direct excess or surplus cash flow such as: paying down debt, adding to savings, or spending on lifestyle. Also important is determining what age to start withdrawals from a particular account to help optimize taxes saved while still meeting lifestyle expenses. Likewise, determining the optimal time to start collecting CPP and OAS is an important financial planning tactic for building maximum wealth or to cover lifestyle expenses early in retirement.

By comparison, personal-planning tactics require decisions by you. For example, if you are work focused, what career results could you achieve for it to play a role in realizing your vision of life? If you have or will have a considerable amount of equity in your home, would you be willing to use it to help finance your spending during retirement? For example, by downsizing your home? What about assuming a reverse mortgage? And what if you downsized your home and took out a reverse mortgage? Are you spending money every day on "stuff," knowing neither where it goes nor how much you spend? If so, this spending could prevent you from having and doing what matters most to you in life. Once you are clear about your spending habits, you can create a "spending plan" — not a budget. A spending plan is about spending intentionally to achieve what matters most to you.

The motivation behind financial planning tactics is almost entirely on dollars and cents. For example, maximizing wealth, maximizing the estate, or saving on taxes. Personal Planning Tactics are more personalized; for example, deciding whether to downsize a home or do a reverse mortgage will depend more on the individual than the dollar outcome. But Funding "wants" is entirely values based. Funding "wants" may involve decisions about values-based lifestyle trade-offs. Two wants may cost the same, but one could be much more important to you. The purpose of life planning is to create a satisfying and fulfilling vision of life and discover how to achieve that vision. Which wants will you re-consider so that you may achieve those that will be most satisfying and fulfilling for you? As you reconsider these wants, you keep in mind two questions. "What do I really want?" and "If I actually achieved this want, what would it get me?"

In Life Planning it is not essential that you create a 'finished' solution. Often a drafted plan will present gaps that need to be filled, problems that need to be solved. But instead of forcing a solution, it can also be good enough to simply know that the gap or problem exists. When you are aware of a problem, you will recognize when an opportunity arises that can help solve for that problem. You have an extraordinary ability to invent your solution given time. Often, some of your most creative and inspired ideas have likely come when you've "slept on it"—when you've allowed something to "incubate." And when you are aware of your wants, you can recognize opportunities that will help you get them when those opportunities present themselves. Carl Jung called these meaningful coincidences "synchronicity." You will have ample time over the course of your life to create a solution when incubation and synchronicity work their magic!

Kleinburg PRIVATE WEALTH

Carte WEALTH MANAGEMENT INC.

BEHAVIORAL FINANCE BY KPW

In a world that celebrates busy schedules, rising income, and portfolio growth, a quieter shift is happening among thoughtful investors and professionals alike: the rise of time affluence as a primary wealth metric. While traditional financial planning focuses on maximizing assets, income, and returns, a growing movement within lifestyle financial planning asks a deeper question: **What good is financial freedom if your time isn't your own?**

Time affluence refers to the feeling of having enough time to pursue what truly matters: relationships, creativity, health, travel, or simply rest. Unlike net worth, which can be tracked in numbers, time affluence is felt. What has traditionally been something that comes with age and wisdom, is now something we see clients realize at an a earlier stage in life: that wealth without time is only a partial victory.

Recent studies in behavioral finance and wellness show that individuals who feel **"time-rich"** report higher life satisfaction than those who are simply financially wealthy. In fact, people who prioritize time over money tend to make lifestyle choices that lead to more enduring happiness, like working fewer hours, outsourcing time-draining tasks, or designing flexible careers.

As planners, this trend urges us to move beyond conventional benchmarks and help clients define their personal definition of enough. That means running financial projections that account for sabbaticals, early retirement, career transitions, or part-time work, not just maximizing income. It also means fostering conversations that go beyond asset allocation: What do you do for fun? When do you feel most alive? Where do you want to spend your time and with whom?

Incorporating time affluence into planning doesn't require a radical overhaul. Often, small, intentional shifts can create sizeable benefits. A client may choose to reduce working hours slightly in exchange for more family time, without compromising their long-term goals. Another might invest in experiences over things, building a life they don't feel the need to escape from.

The financial industry has long equated wealth with accumulation. But in today's landscape, clients are seeking something more balanced and more human. As lifestyle financial planners, we have the opportunity, and responsibility, to help redefine what it means to be truly wealthy.

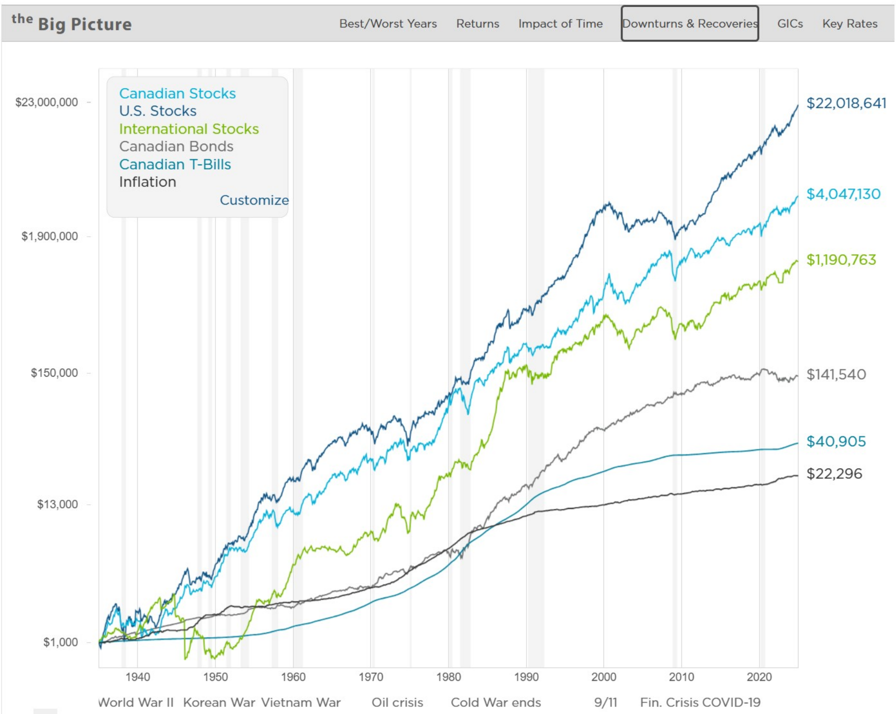
Kleinburg PRIVATE WEALTH

Carte WEALTH MANAGEMENT INC.

PROTECTING YOUR LIFESTYLE BY KPW

The big picture

Click on the graph to be taken to the interactive version of this chart which will offer many alternate views and scenarios



Following are links to various charts and interactive pages offered by Dynamic Mutual Funds.

Bulls and Bears, depicting historical bull and bear market trends between 1956 and 2024.

A pre-authorized contributions illustrator to demonstrate how investing automatically can help your clients reach their goals faster.

An interactive Market Volatility video that will ease your client's comfort level with volatility

Managing Risk showing how selecting the right asset allocation is one of the most important and impactful investment decisions for your clients

Several other illustrations, including:

The Value of Staying Invested,

Impact of Inflation,

Sequence of Returns,

Put Diversification to Work.

Kleinburg PRIVATE WEALTH

Carte WEALTH MANAGEMENT INC.

LIFESTYLE FINANCIAL PLANNING BY KPW

PRIVATE WEALTH:
SOLUTIONS FOR HIGH-NET-WORTH INVESTORS

CREATING A LEGACY OF FINANCIAL AFFLUENCE

In today's evolving financial landscape, Canada's high-net-worth individuals (HNWIs) face a variety of complex challenges. From tax uncertainty to cybersecurity threats, effective wealth management requires proactive planning and strategic decision-making.

1. Rising Tax Pressures & Policy Uncertainty

With ongoing discussions about potential increases in capital gains tax rates and estate taxation, affluent Canadians are seeking new strategies for wealth preservation. The upcoming changes to federal tax policies could significantly impact investment portfolios and inheritance planning.

2. Economic Volatility & Investment Risks

Global market fluctuations continue to pose challenges for HNWIs. Inflation pressures, interest rate adjustments, and shifting geopolitical landscapes are affecting asset values. Many investors are turning to alternative investments and diversified portfolios to mitigate risks.

3. Cybersecurity Threats & Digital Fraud

As digital banking and financial transactions become more prevalent, cybercriminals are increasingly targeting wealthy individuals. Phishing scams, ransomware attacks, and identity theft incidents are on the rise. Cybersecurity awareness and preventive measures are now essential components of wealth management.

4. Climate Change & Property Insurance Costs

Extreme weather events—including wildfires in British Columbia and flooding in Quebec—have led to increased insurance premiums and reduced coverage options for luxury properties. HNWIs must reconsider risk management strategies for real estate investments.

5. Wealth Transfer & Succession Planning

With significant intergenerational wealth transfers on the horizon, estate planning has become a critical focus. Canadian families are exploring trusts, charitable giving strategies, and tax-efficient inheritance structures to ensure a smooth transition of wealth.

Navigating the Future

To safeguard financial security, high-net-worth Canadians are prioritizing strategic tax planning, robust cybersecurity measures, diversified investments, and well-structured estate plans. Working with financial advisors who specialize in wealth management can provide the insights needed to thrive in uncertain times.

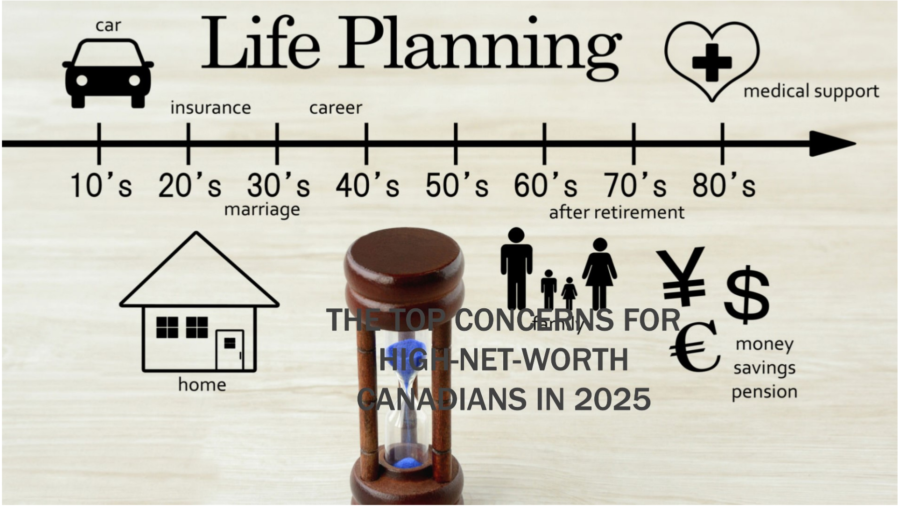
Take Control of Your Financial Future

In an era of economic uncertainty and evolving risks, proactive wealth management is more critical than ever for high-net-worth Canadians. Now is the time to assess your financial strategy, safeguard your assets, and ensure a resilient legacy for future generations. Partnering with experienced financial professionals can provide the tailored guidance needed to navigate today’s challenges and secure long-term prosperity. Don’t wait—start building a stronger financial future today.

Kleinburg PRIVATE WEALTH

Carte WEALTH MANAGEMENT INC.

LIFESTYLE FINANCIAL PLANNING BY KPW



Why High-Net-Worth Individuals Need Life Planning—Even with Accountants and Lawyers

Many high-net-worth individuals (HNWIs) rely on financial advisors, accountants, and lawyers to manage their wealth. While these professionals provide essential expertise, they often focus on isolated aspects—taxes, legal structures, investments—without addressing the bigger picture. This is where life planning comes in.

More Than Just Wealth Management

At KPW Financial, we specialize in life planning—a comprehensive, strategic approach that goes beyond financial transactions. Life planning ensures that all aspects of wealth, family, legacy, and personal goals are aligned.

Why Traditional Advisors Aren't Enough

While accountants optimize tax strategies and lawyers handle estate planning, they rarely consider your entire vision for wealth. Life planning answers deeper questions:

- How will your wealth support the life you truly want?
- What legacy do you want to leave behind?
- How do investments, philanthropy, and estate planning work together to reflect your values?

The Power of Life Planning

By partnering with KPW Financial, HNWIs gain:

- Holistic wealth alignment: Every financial decision supports long-term life goals.
- Proactive legacy planning: Ensuring family wealth transfers are meaningful and intentional.
- Personalized strategies: Tailored plans that evolve with life's changes, rather than one-time legal documents.

Making Wealth Work for You

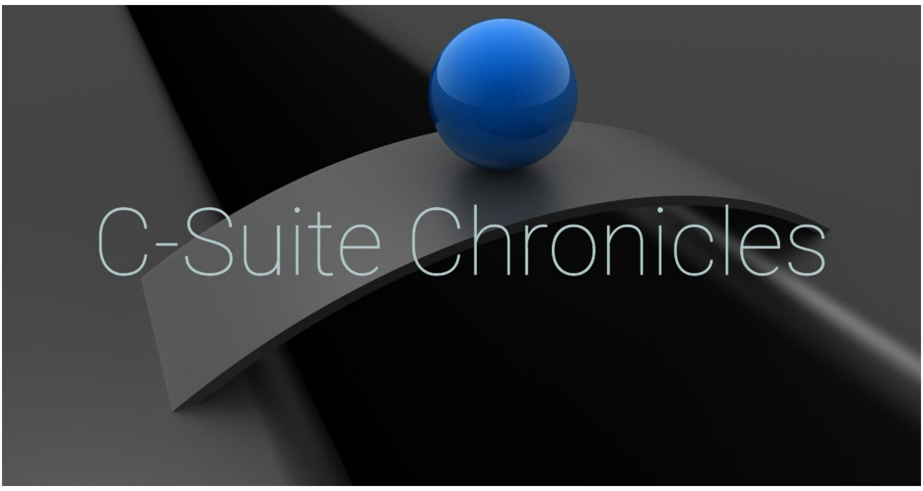
KPW Financial offers the depth of planning that traditional financial advisors overlook. Life planning isn't about numbers—it's about using wealth to create purpose, stability, and fulfillment for generations to come.

Start Your Life Planning Journey Today

Your wealth is more than an asset—it's a foundation for an intentional, impactful life. KPW Financial ensures that every dollar is aligned with your values, legacy, and future. Let's build a plan that truly works for you.

Disclaimer

BEHAVIORAL FINANCE BY KPW



Canadian corporations are navigating an increasingly complex business environment, with leaders facing multiple pressing challenges. Cybersecurity threats continue to rise, with data breaches and ransomware attacks putting sensitive financial and customer information at risk. Meanwhile, the labor shortage persists, making it harder for businesses to attract and retain top talent, particularly in sectors like technology and healthcare. On top of this, evolving Environmental, Social, and Governance (ESG) regulations are reshaping corporate strategy, requiring companies to integrate sustainability into their operations.

Yet among these challenges, one issue stands out as a critical factor in business continuity—supply chain resilience.

The Growing Threat of Supply Chain Disruptions

Recent global events—including geopolitical tensions, extreme weather, and cyberattacks—have exposed vulnerabilities in supply networks. Companies dependent on single-source suppliers or outdated logistics models are increasingly at risk of delays and financial setbacks.

Diversification & Nearshoring Strategies

Canadian corporations are now prioritizing nearshoring—bringing production closer to home—and diversifying their supplier base to minimize dependence on international markets. These strategies enhance agility and reduce exposure to volatile global trade conditions.

The Role of Digital Transformation & AI

Supply chain resilience isn't just about geography—it's also about technology. Companies investing in AI-driven predictive analytics, real-time tracking, and automated inventory systems are better positioned to anticipate disruptions and optimize operations.

Sustainability & ESG Considerations

As regulations tighten, supply chains must also evolve to meet sustainability standards. Businesses are implementing eco-friendly sourcing, ethical labor practices, and carbon footprint reduction initiatives to remain competitive in a shifting marketplace.

Building a More Resilient Future

Canadian corporations that prioritize proactive risk management, technology-driven solutions, and strong supplier relationships will be the ones best positioned to thrive in an uncertain economy.

Looking Ahead: The Future of Supply Chain Resilience

In an increasingly unpredictable business environment, supply chain resilience has become a defining factor in corporate success. Canadian companies that invest in flexible sourcing strategies, digital transformation, and sustainable practices will be best positioned to withstand disruptions and maintain operational continuity.

As global markets evolve and new challenges arise, proactive planning and adaptability will be key. By leveraging advanced technologies, reinforcing supplier relationships, and prioritizing long-term stability, businesses can navigate uncertainty while securing a competitive edge in the years ahead.

WHAT THE LIBERALS' ELECTION WIN COULD MEAN FOR CANADA'S ECONOMY

BY TU NGUYEN

Mark Carney's tenure as prime minister will continue as the Liberal Party won the most seats in Canada's federal election on Monday. A Liberal government could mean considerable fiscal stimulus to stabilize the economy, an ambitious housing plan and a pledge to diversify trade partnerships amid ongoing uncertainty.

At a time when the economy is headed toward a downturn, an expansionary fiscal policy could prevent a recession and support growth while boosting productivity and forging new trade relationships. Carney previously spoke about establishing a new dynamic with the U.S. in the wake of its tariff policies and the vulnerabilities they exposed in Canada's economy.

Depending on the outcome of the tariff dispute with the U.S., Canada could still narrowly escape a full-blown recession. In any case, fiscal stimulus would deliver a much-needed boost to the country's gross domestic product this year and the next.

During the campaign, the Liberals pledged to run a total deficit of $225 billion over the next four years—focusing on capital investments in housing, infrastructure and clean energy rather than operating expenses. This is a welcome departure from Justin Trudeau's tenure as prime minister because investments in capital tend to pay back in increasing productivity and growth without causing high inflation.

Carney is poised to lead a minority government—a scenario that comes with inherent challenges. The Liberals will have to work with other parties to get legislation passed, which can be tricky when a perceived strong hand and swift decisions are needed to address the ever-changing policy landscape.

Both the New Democratic Party and the Bloc Québécois favour even more fiscal spending—though this may not be a bad thing under current circumstances with extreme trade policy uncertainty. The loonie staying relatively steady is a sign that financial markets are not too concerned about the drawbacks of a minority government at this point.

As for the Bank of Canada, its focus appears to be maintaining price stability. With a more substantial fiscal stimulus package, there could be less pressure to further cut rates. We do not expect fiscal spending in capital and infrastructure to be inflationary at a time of economic downturn.

Trade policies

There is no question that trade is a major issue on Canadian minds—as is evident by the Buy Canadian movement.

After decades of close-knit trade ties with the U.S., Canada desperately needs to pivot quickly to de-risk from the extreme volatility south of the border. The Liberal government is in a position where it could work to strengthen and diversify trade relationships with Britain, the European Union and certain countries across Asia and Latin America.

As it stands, current retaliatory tariffs on the U.S. are expected to remain, including 25 per cent counter-tariffs on $30 billion of imports from the U.S. and matching 25 per cent tariffs on autos from the U.S. not covered by the countries' free-trade agreement.

The Liberals also pledged to eliminate all federal barriers to interprovincial trade, a move that could inject billions of dollars into the economy and sets the stage for more domestic trade moving forward.

Housing

Housing is a thorny issue for Canadians, especially for millennials and Gen-Z as they enter a housing market where prices are detached from income due to nearly two decades of under-building.

The Liberals want to get into the business of building. Adding supply will be the most significant driver of affordable housing; if executed properly, this could seriously move the needle in supply and affordability.

The party pledged to create a new Crown corporation to fill the gap of affordable housing in Canada, some of which would be built on public land. This is the same policy that was introduced following the Second World War and continued into the 1970s, although its implementation this time will need to be different given higher land costs and stricter regulations.

Speeding up approval time is crucial and long overdue, as some Canadian cities have some of the longest approval time for construction projects in the world.

The Liberals also campaigned on eliminating GST for first-time homebuyers on homes up to $1 million. While this could help some prospective buyers, it does not encourage seniors to downsize from their larger homes to create inventory for younger families. It also might not increase supply substantially in the Greater Toronto Area and Metro Vancouver, where the median home price is above $1 million.

Energy

Based on the Liberal platform, Carney's government could make hefty investments in clean energy projects. This is critical to ensure Canada remains a global energy player while solidifying the country's energy security.

Developing domestic infrastructure to enable an increase in energy exports to Europe and Asia could play a key role in trade diversification as more than 90 per cent of Canada's oil exports currently go to the U.S.

Carney already eliminated the consumer portion of carbon pricing, an issue that predated his appointment as Liberal leader in March, while maintaining the industrial portion.

Since the EU mandates a carbon price on imports and has a carbon border adjustment for countries that don't have a carbon price, it would be beneficial to maintain the industrial portion to keep carbon pricing revenue in Canada while exporting to the EU.

Immigration

Immigration was another contentious topic for Canadians before U.S. tariffs dominated national attention. Immigration kept Canada out of a recession by buoying aggregate consumer demand back in 2023.

Nevertheless, it became clear that the post-pandemic years of higher immigration targets have exacerbated strains on housing and social services. The Liberal campaign platform pledged to cap non-permanent resident population at below 5 per cent.

In the long run, immigration will continue to play a vital role in Canada's long-term growth. Without immigration, Canada would experience a severe workforce decline and a demographic cliff with an aging population, lower birth rates and fewer young people entering the workforce.

The takeaway

Canada is facing numerous economic challenges at home and abroad as extreme policy uncertainty and volatile global conditions continue.

An economic downturn and further unemployment are on the horizon, ongoing tariffs are poised to disrupt supply chains and bring about higher prices, while housing affordability remains a persistent concern.

But Canada's economy has remained surprisingly resilience over the years. Fiscal stimulus, an ambitious housing plan and hefty investments in energy infrastructure might just be what the country needs to soften the blow, boost productivity and build a stronger economy in the months and years ahead.

This comes from an inciteful Q&A interview ith Jason Isaac where he states his views on recent market turbulence, what he is watching right now, and how he's positioning the fund for what might come next.

Q: What's the overall investment picture right now?

Jason: We're going through an idiosyncratic period when many of my positions, which are high-quality names, sold off, while a bunch of low-quality stocks went up. This was driven by a market rotation in February where investors started selling winners and holding onto laggards, expecting only a mild correction rather than a full downturn. We do tend to see this type of reversal every several years and I do see it as temporary rather than as part of a broader cycle. Many of my positions are already beginning to rebound as the market shifts toward defensiveness. I still like the names I have in the portfolio. They just got unfairly punished

Having said that, it looks like retail investors are still buying the dip, which is actually a bit worrying. We haven't yet seen the kind of capitulation you'd expect to see near a true market bottom. Until we see broader recognition of the risks, I'm staying defensive. This could all resolve fairly quickly, but until then, we wait. The bigger worry for me right now is stagflation, which is slowing growth paired with sticky inflation. Market participants are exhausted, and without clarity on tariffs, things could deteriorate further. I put the chance of breaking above 5700 on the S&P 500 at exactly zero without a rock-solid, consistent tariff policy. The longer this drags on, the higher the odds that something breaks. So for now, I'm playing defense. I'm clearing the puck out of the zone and waiting for a cleaner setup.

Q: What's the long-term market momentum telling you?

Jason: We're in a clear downtrend, trading well below the 200-day moving average. I don't see us breaking above that unless there's real policy clarity, particularly around industrial policy and trade. Without that, the market's trajectory remains uncertain. A short term rally is possible, but structurally, we're not in a really healthy place yet.

And part of the problem is that current policy is sending mixed signals. On one hand, you've got the rollout of tariffs. On the other, you've got this "Everything Needs to Be Made in America" stance. Those two ideas don't actually align.

A Cato Institute poll found that 80% of Americans said the country would be better off with more manufacturing jobs, but only 25% said they personally would be better off working in a factory. Nobody wants to do the work.

Simply put, tariffs will be a supply-side stagflationary shock. While it's politically favourable to try and reshore production, the issue is that many of these supply chain systems are labour intensive, low-value-add processes that just do not exist in the continental US, and bringing them back will come at the cost of advanced, higher value activities. Ultimately, what this means is lower productivity, lower growth, and higher inflation

This is not just an abstract economic theory. This will hit the lives of ordinary Americans very hard. For example, the large majority of air conditioners, mobile phones, and shoes are made in China. You've probably heard that an iPhone that costs around $1,200 to produce in China would cost about $3,200 if it were made and assembled entirely in the U.S. The math just doesn't add up.

One final point: the tariff proceeds go directly to the US government, not the companies who sell or produce the products, and this is why economists call it a tax. In the end, I don't think the US consumer will put up with the magnitude of these price increases, which is why I think this can all turn around rather quickly.

Q: What shorter-term signals are you seeing?

Jason: Consumer Discretionary has started to roll over, which is typically a sign of economic weakness. That, combined with small t ime traders getting more aggressive, adds to my caution. I'd like to see Discretionary outperform before getting more constructive.

And short-term sentiment is too optimistic. Small-time traders have actually increased their exposure, which usually precedes more downside. Until we see them running for the exits instead of rushing in, I remain skeptical.

Any weakness we're seeing right now feels like a head fake, not a real bottom just yet.

Q: How does your portfolio look now?

Jason: While the current portfolio metrics still show great revenue growth, earnings growth and dividend growth, I'll be the first to admit they come with caveats. The tariff Tweet storm has made future guidance from companies murky at best. United Airlines, for instance, issued dual forecasts: one with tariffs, one without. If that's not the definition of uncertainty, I don't know what is.

That said, our asset mix is 3% Cash, 17% Bonds, 80% Equities. I'm leaning defensive. I've got roughly 78% of the portfolio in low-to mid beta names, with cash and fixed income playing supporting roles. I'm underweight U.S. and overweight Europe, especially in defensive sectors. This lets us stay cautious while still participating when things turn around.

I've got high allocations to Financials (24.1%), Healthcare (9.6%), and Consumer Staples (9.0%) for resilience.

In the bond portfolio, I'm about 80% Canadian and 20% U.S. with a duration of roughly 3.3 years, so well-positioned for potential Fed cuts.

I have small direct exposure to gold, and we also benefit from strength in real asset inflation hedges.

We're staying diversified, but also very cautious.

Q. How does GIG compare to global benchmarks?

Jason: Over the past month, the equity component of NCM Global Income Growth Class has held up well against the MSCI World Index, thanks to our lower beta exposure and defensive tilt. It's a reminder that while passive indexes have their place, active management plays a key role during periods of stress

Q. Any advice for investors right now?

Jason: If you're thinking of heading to cash, remember: market corrections don't always signal recessions. Research from Raymond James shows that when markets drop 20% from highs, it only leads to a recession 40% of the time.

The other 60% of the time is a false alarm. Even if we do see a mild recession, history suggests it's a 24% drop with a 27-month recovery. And if there's no recession, one-year forward returns often come in at around +20% to +30%.

In my opinion, if you've got a 10-year time horizon, you might look back and think this was the best time to invest. If you've got a lump sum and you feel uneasy about investing it all today, think about diversifying across time. Maybe you break it up into three equal investments and space them six or eight weeks apart.

And I'll say this again: this is when you really need active management. When tech stocks were driving everything, maybe you could get away with an S&P 500 ETF, but now things are a little more complicated. If you buy a Europe ETF, you're going to get a bunch of great names and a lot of crappy ones too. As this market plays out, you're going to want a manager that can use a go-anywhere stock-picking mandate to add real value.

Bottom line, it's tough out there, but staying invested and staying selective is how you win over the long haul.

Kleinburg PRIVATE WEALTH

Carte WEALTH MANAGEMENT INC.

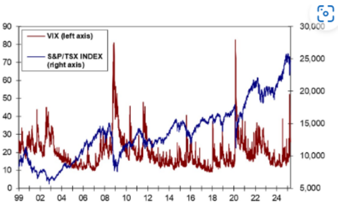
PROTECTING YOUR LIFESTYLE BY KPW

PROVISUS™
WEALTH MANAGEMENT

Investors are living through turbulent markets so far during 2025; the S&P/TSX stock index seems to drift aimlessly and then is randomly jarred into violent reactionary mode, all the while trading between 22,500 and 26,000. Investors who closely follow the market can see the volatility as it seems to be moving in all kinds of directions; falling for a week, rallying for two and jumping about like a chicken on a hot tin roof the rest of the time.

	# of Business Day's from Peak Volatility to Market Bottom
Aug 5, 2002	9
Oct 7, 2002	21
Nov 19, 2008	3
May 20, 2010	2
Oct 3, 2011	1
Mar 16, 2020	7
Apr 8, 2025	1

The best fear gauge for the Canadian stock market is the Volatility Index (VIX) which measures the implied volatility. The VIX has surged during abnormal periods of volatility prior to the market bottom seven times over the last 25 years.



This chart shows the VIX values (left axis) as well as the S&P/TSX stock index (right axis) since 2000. A significant peak in the VIX in down markets can be a useful indicator in predicting a market bottom.

If investors were to glance at volatility measures, they would not come away yawning. The so called “fear gauge” has not been a sea of tranquility. The Chicago Board Options Exchange's CBOE Volatility Index (VIX), is a popular measure of the stock market's expectation of volatility based on S&P 500 index options. The VIX is a good proxy of investor sentiment for the U.S. and Canadian equity markets: the higher the Index, the higher the risk of market turmoil. A rising Index therefore reflects the heightened fears of investors for the future. A high VIX is not necessarily bearish for stocks as it measures the fear of volatility both to the upside as well as the downside. The highest VIX readings will occur when investors anticipate large moves in either direction. Only when investors anticipate neither significant downside nor significant upside will the VIX be low.

Abnormal spikes in the VIX can be defined as a 3 times standard deviation event or an event that does not occur during 99.7% of the time (it only happens 3 business days out of every 1,000 or once every four years). The table to the left shows the VIX averaged 17.6, with a standard deviation of 8.1. Therefore, a 3 times standard deviation event would be triggered when the VIX surged above 41.8 (17.6 + 8.1 x 3). The table also shows the dates of the seven peak spikes in the VIX since 2000 and the number of days from the peaks prior to the bottoms of the S&P/TSX Stock Index; it ranged between 1 to 21 trading days. So peak volatility usually signals market bottoms.

The chart to the right shows the VIX values as well as the S&P/TSX stock index since 2000. Currently, the VIX is trading around 26.3, after peaking at 52.2 on April 8, 2025 which is also the day the current bout of volatility caused the S&P/TSX Stock Index to hit a new 6 month low. Low levels of implied volatility are often good periods to enter the market as the risks are relatively low. Conversely, equity markets tend to disconnect from their underlying values in periods of high volatility as investors scramble quickly to trade those shares that are coming in or going out of favour. Following the years the Canadian stock market experienced significant declines, the VIX shone the light on the pending stock market recovery.

One factor to consider when assessing the timing of a move into equities or adding to existing holdings is the cash on hand. Back in 2009 hedge funds and experienced investors were well ahead of the retail crowd in buying up equities early in the rally. The amount of cash on the sidelines currently has the potential to drive forward a long term equity rally. While it is difficult to say when a rally will occur or if a new rally has already begun with an absolute level of certainty however, savvy investors will look back in time and react to triggering events when they appear.

Index Charts

12 Months ending April 2025

Grey shaded area indicate periods of stock index decline.

Data as of April 30th 2025

PROTECTING YOUR LIFESTYLE BY KPW

FOUR BENEFITS OF ALTERNATIVE INVESTMENTS

Alternative investments are financial assets that don’t fit into conventional investment categories9 – things like private equity, venture capital, commodities, and real estate.

Alternative investments can provide diversification and are often less volatile than other investments – particularly those traded in the stock markets – which makes them a key part of any portfolio. In this case we are going to focus on private multi-residential properties.

They can achieve comparable total returns with less volatility

They can provide better downside protection

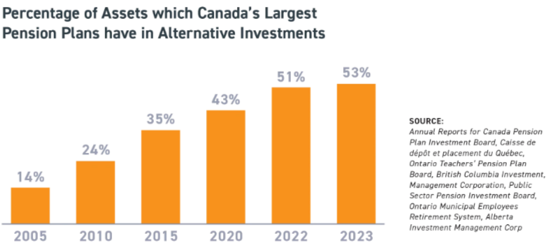
They are a proven hedge against inflation

They are tax efficient

As investors continue to worry about volatility in the traditional public markets, they are beginning to look for alternative ways to generate stable income, preserve their capital, protect against market volatility, and achieve an attractive total return. Many investors are realizing that simply spreading their stock holdings across more geographic regions or sectors is not really providing them with the diversification and true protection they’re looking for. When things go wrong (and that seems to be happening more and more), the selloff in public equities is sharp and basically indiscriminate, meaning the vast majority of publicly traded stocks take a beating.

Investment professionals often turn to the leading pension plans and endowment funds for insight into how to better protect their clients from volatility. After enduring numerous stock market roller coasters, managers of pension plans and endowment funds found it was becoming harder to match their very predictable payout streams with the income streams being generated from their traditional investments. They began to look for ways to significantly reduce the volatility of their investments, so they could ensure they could increase their ability to meet their future payout commitments. Over the last 20 years, CPP, OMERS, OTPP, CalPERS, Yale Endowment, and Harvard Endowment have all substantially increased their relative holdings in real estate and other alternatives to reduce the overall volatility and increase the returns of their investment portfolios.

Below you can see the dramatic increase in alternative investments in the seven largest pension plans in Canada, which together manage more than C$1.7 trillion.



Advantages of multi-residential properties

Private real estate, such as multi-residential properties, is a proven class of alternatives that offers investors a unique investment opportunity and has the potential to create returns through three sources:

Consistent cash flows from operations

Increases in equity from mortgage principal repayment

Potential increases in property value over time.

We see four key advantages that private multi-residential properties have over traditional investments9.

Advantage #1: Higher total returns with less volatility

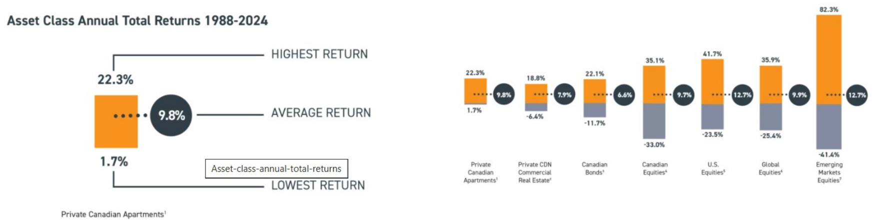
The performance of multi-residential properties can be analyzed by reviewing the Private Canadian Apartments1 index. Over the past 30+ years, Private Canadian Apartments have not only outperformed Canadian Bonds3 and Canadian Equities4 ,but they have also never had a year in which their annual return was negative.

The lowest annual return for Private Canadian Apartments was a positive 1.7%, while the lowest annual return for Canadian Equities was negative 33%.

Kleinburg PRIVATE WEALTH

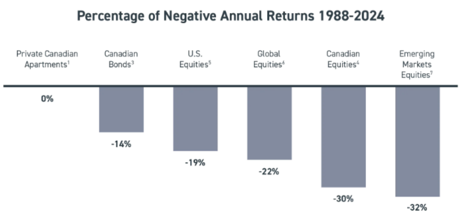
Carte WEALTH MANAGEMENT INC.

PROTECTING YOUR LIFESTYLE BY KPW

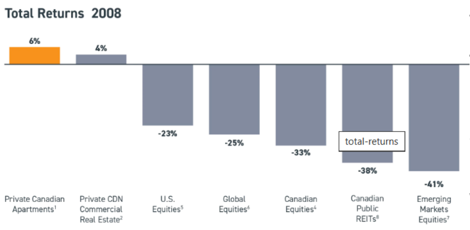


Advantage #2: Better downside protection

Over the last 30+ years, Private Canadian Apartments have provided investors with significant downside protection. Over this period, Private Canadian Apartments have never had a negative annual return, while in contrast, all major equity markets (and even Canadian Bonds) have had numerous negative annual returns.



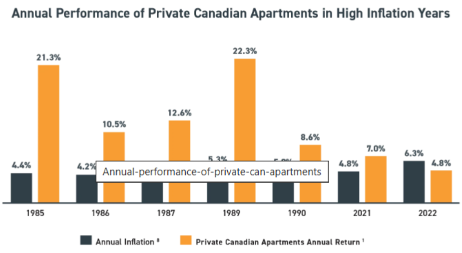
During the Financial Crisis of 2008, the single worst year in global investing since the 1930s, Private Canadian Apartments posted a positive return of roughly 6%. Even during a time of great uncertainty and upheaval, returns to investors were still positive.



Advantage #3: Proven inflation hedge

Our inflation analysis shows that over the last 40+ years, Canadian Private Apartments have normally provided positive annual returns during periods in which inflation (as measured by the annual change in the Consumer Price Index) was over 4%.

While the relationship between real estate and inflation should not be the primary factor for investment in real estate, it is a component worth considering within the context of the benefits of diversification to a multi-asset portfolio.



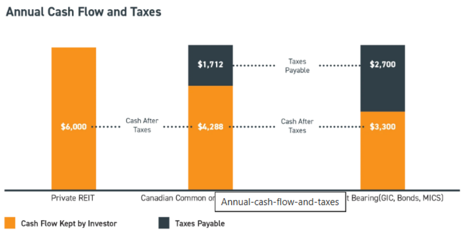
Advantage #4: More tax efficient

Although dividends received from common/preferred shares are relatively more tax efficient than interest income, both may be significantly less tax efficient than distributions received from a Private Real Estate Investment Trust (REIT).

Compare the tax consequences of investing $100,000 for five years in a common/preferred share with a 6% dividend, an interest paying security yielding 6%, and an investment in a Private REIT with a 6% distribution.

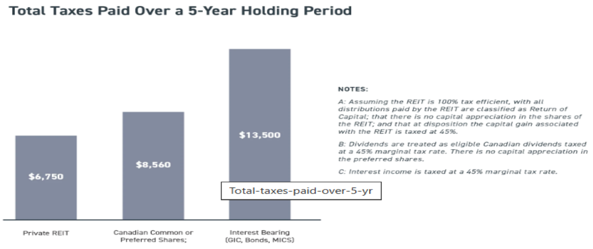
Higher after-tax cash flow: Although all three investments would provide the investor with $6,000 in pre-tax annual cash flows, the dividends received and the interest income earned at a 45% tax rate would be subject to $1,712 and $2,700 in taxes each year, respectively.

By contrast, the private REIT investor may not be required to pay any taxes in the current year and may be able to defer paying any tax until the investment is sold.



Pay less total taxes

Total taxes paid over five years on the dividend and interest income would be $8,560 and $13,500, respectively. On the private REIT, taxes would only be $6,750, and could potentially be deferred until the investment is sold.

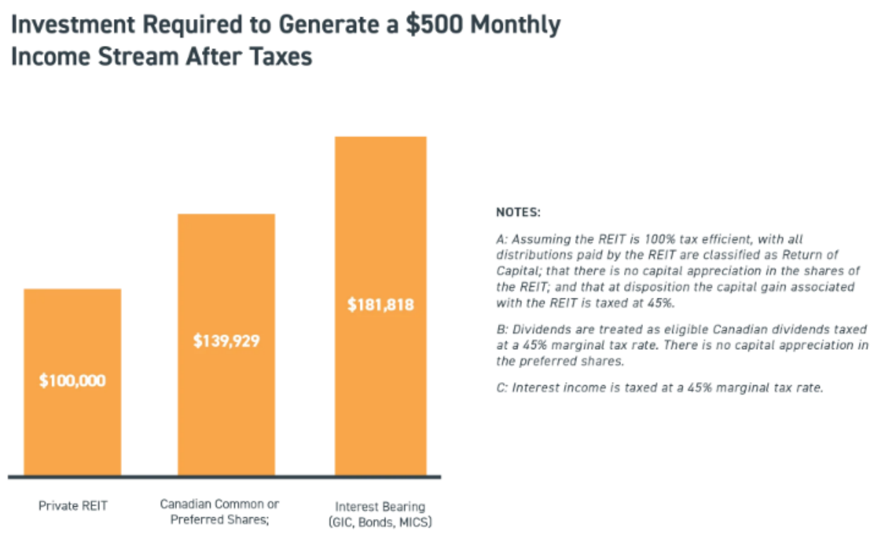


Disclaimer

PROTECTING YOUR LIFESTYLE BY KPW

Tie up less capital

From an after-tax perspective, an investor would have to invest over $181,818 in a 6% interest bearing security, or $139,929 in a 6% preferred/common share, to generate the same $500 a month after-tax income stream as an investor who had invested $100,000 in a private REIT with a 6% yield. By using a private REIT to generate your required cash flow, you could free up a substantial amount of capital to be invested elsewhere, thereby potentially increasing the overall returns of your portfolio.



SOURCES

1. Private Canadian Apartments = MSCI/REALPAC Canada Quarterly Property Fund Index- Residential / MSCI Real Estate Analytics Portal – Accessed January 20, 2025
2. Canadian Commercial Real Estate = MSCI/REALPAC Canada Quarterly Property Fund Index – All Properties / MSCI Real Estate Analytics Portal – Accessed January 20, 2025
3. Canadian Bonds = FTSE Canadian Universe Bond Index /www.blackrock.com/ca – Accessed January 20, 2025
4. Canadian Equities = S&P/TSX Composite Total Return Index / Bloomberg – Accessed January 20, 2025
5. U.S. Equities = MSCI US Index / Bloomberg – Accessed January 20, 2025
6. Global Equities = MSCI World Index / MSCI Inc. – Accessed January 20, 2025
7. Emerging Market Equities = MSCI Emerging Market Index / MSCI Inc. – Accessed January 20, 2025
8. Annual Inflation – Statistics Canada series id=V41690973 – Accessed January 20, 2025
9. Traditional investments = Canadian Bonds3 , Canadian Equities4 , US Equities5 , Global Equities6 and Emerging Market Equities7 – Accessed January 20, 2025

Kleinburg PRIVATE WEALTH

Carte WEALTH MANAGEMENT INC.

LIFESTYLE PLANNING BY KPW

CURATED INSIGHTS: MUST-READ ARTICLES

BANK OF CANADA HOLDS INTEREST RATES AT 2.75% AS UNCERTAINTY MOUNTS

U.S. PAYROLL GROWTH TOTALS 177,000 IN APRIL, DEFYING EXPECTATIONS

CRA INTEREST RATE ON OVERDUE TAX TO DROP IN Q3

WHY SOME CLIENTS SHOULD HALT RRIF WITHDRAWALS FOR NOW

CANADA'S WEAKENED FINANCIAL CONDITIONS POINT TO SLOWER GROWTH

IN SHIFTING MARKET, PLAYERS ARE WAITING FOR THE NEW RULES

BANK OF CANADA RATE CUT ODDS FOR JUNE FALL AFTER APRIL INFLATION DATA

NATIONAL PRODUCTIVITY EDGED UP IN 2024 AFTER DECLINING FOR THREE YEARS

THE CONSUMER PRICE INDEX FALLS (0.1% IN APRIL 2025, HITS 1.7% Y-O-Y

SO YOUR CLIENT WANTS TO ACCESS THEIR PERMANENT LIFE POLICY'S CASH VALUE

WHY WE SHOULD WELCOME STOCK-MARKET BUBBLES

IFLATION FALLS IN CANADA AS END OF CONSUMER CARBON TAX OFFSETS OTHER INCREASES

Kleinburg PRIVATE WEALTH

Carte WEALTH MANAGEMENT INC.

PROTECTING YOUR LIFESTYLE BY KPW

AND NOW COMES THE HARD PART—BY FRANKLIN TEMPLETON INVESTMENTS

JURRIEN TIMMER: PRICE DISCOVERY NEVER SLEEPS

WILL THE CONSUMER WOBBLE?

WHY DOES VOLATILITY OFTEN LEAD TO STRONG EMERGING EQUITY RETURNS?

BLACKROCK’S LARRY FINK’S 2025 ANNUAL CHAIRMAN’S LETTER TO INVESTORS

MORGAN STANLEY TURNS BULLISH ON U.S. STOCKS

IN SHIFTING MARKET, PLAYERS ARE WAITING FOR THE NEW RULES

NINEPOINT ENERGY MARKET UPDATE

INSTITUTIONAL INVESTORS LEANING ON ACTIVE MANAGEMENT STRATEGIES FOR EQUITIES AMID ECONOMIC VOLATILITY: EXPERT

A TALE OF TWO TRUMPS

SEI MONTHLY MARKET COMMENTARY

IS IT A NEW BULL MARKET?

Disclaimer

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.

Mutual funds and Exempt Market products provided through Carte Wealth Management Inc.

Life insurance products and services provided by Carte Risk Management Inc.

RETURN TO PAGE 1