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IMAGINE YOUR FUTURE.

WHAT IS YOUR NUMBER?

How much will you need to live the rest of your life,
the way you envision, without financial worries?

We can help you **establish** your number and create a path
to achieving it using “state of the art” programs, applied
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WHAT ARE YOU GOING TO DO WITH ALL THIS FUTURE

KPW LIFE PLANNING FOR A SECURE
TOMORROW



“Get the fundamentals down and the level of everything you do will rise”
- Michael Jordan -



THE WAY I SEE IT

By SERGIO SIMONE

NAVIGATING THE REBOUND

Markets Strengthen as Fundamentals Improve



After a period of uncertainty-driven volatility in April, financial markets have largely stabilized, with key indicators pointing to renewed strength. Investors who took advantage of the April correction as a buying opportunity have been rewarded with strong returns, as markets swiftly rebounded. With a combination of improving economic data and shifting policy sentiment, the worst of the turbulence now appears behind us.

Market Cycle Indicators Show Renewed Strength

As noted in previous newsletters, despite April's correction, market fundamentals remained strong, presenting a great opportunity to move money into the markets. Recent market cycle indicators now validate that perspective, showing clear signs of improvement.

Economic data has surprised to the upside, with GDP growth projections stabilizing and corporate earnings showing resilience. The Citi Economic Surprise Index has reflected stronger-than-expected data, reinforcing the notion that economic fundamentals remain intact.

Economic Data Continues to Improve

Recent reports indicate that consumer spending remains steady, business investment is holding firm, and labor markets continue to show stability. While inflation remains a key concern, the latest figures suggest moderation rather than acceleration, giving central banks more flexibility in their policy decisions.

Yield Curve Steepening: A Positive Signal?

Perhaps one of the most notable shifts has been the steepening of the yield curve. While longer-term yields have risen, this movement is not necessarily a negative development. A steeper curve often signals improving economic expectations, as investors anticipate stronger growth ahead. However, some caution remains, as rising yields could also reflect concerns over fiscal deficits rather than purely economic optimism.

THE WAY I SEE IT

One notable trend has been the growing desensitization of investors to the erratic stance of the U.S. on tariffs. While previous tariff announcements triggered sharp market reactions, recent policy shifts have had a muted impact, suggesting that investors are adjusting to the unpredictability of trade policy.

This observation is supported by recent market analysis, which indicates that while tariff-related uncertainty remains high, investors are less reactive than in previous years. Some financial experts suggest that markets have "relearned" the negotiation style of U.S. policymakers and are pricing in tariff risks more effectively. Additionally, despite ongoing trade tensions, global markets have continued to perform well, reinforcing the idea that investors are focusing more on broader economic fundamentals rather than short-term policy swings.

How Investors Can Navigate the Rebound

April's market correction was largely driven by policy uncertainty and investor sentiment shifts, rather than fundamental economic weakness. Historically, policy-driven corrections tend to be short-lived, and this time appears no different. Markets have rebounded swiftly, with major indices regaining lost ground and returning to an optimistic stance.

Now is the time for investors to focus on strategic positioning to maximize opportunities while managing risks. Here are key steps to consider:

Diversify Across Asset Classes

Given the evolving nature of market corrections, a balanced portfolio with exposure to equities, bonds, commodities, and alternative investments can help mitigate volatility.

International diversification is increasingly important, as global markets have shown resilience and growth potential.

Monitor Economic Data & Policy Developments

Keep an eye on Federal Reserve policy meetings, inflation trends, and employment reports, as these will shape market sentiment.

Trade policy uncertainty remains a factor, but investors should focus on long-term fundamentals rather than short-term reactions.

Take Advantage of Sector Strength

Technology and industrials have led the rebound, with AI and automation driving growth.

Energy and commodities remain key areas to watch, especially as global demand stabilizes.

Stay Tactical with Market Entries

Investors who bought the dip in April saw strong returns—future corrections may present similar opportunities.

A disciplined approach to buying during pullbacks can enhance portfolio performance.

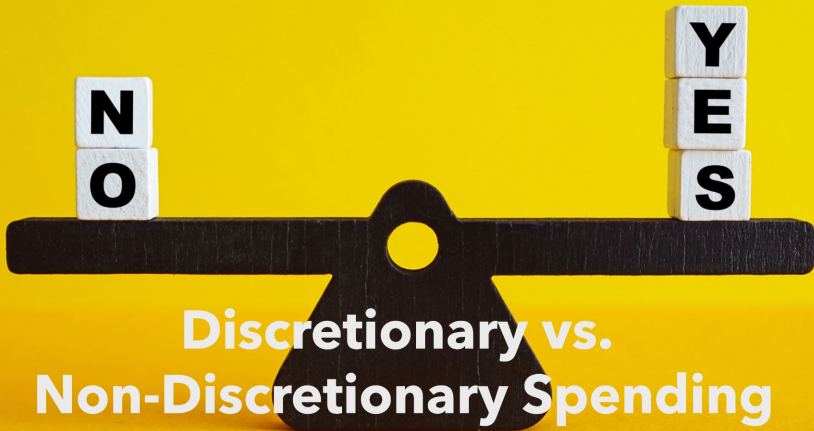
Manage Interest Rate Exposure

With the yield curve steepening, investors should assess their bond holdings and consider shorter-duration assets to reduce interest rate risk.

Equities tend to perform well in a moderate rate environment, so sector rotation strategies may be beneficial.

Looking Ahead

While risks remain—particularly around trade policy, interest rate decisions, and global economic conditions—the overall trajectory suggests that markets are moving past the uncertainty of early 2025. Investors should remain cautiously optimistic, keeping an eye on upcoming Federal Reserve policy meetings and earnings reports, which will provide further clarity on the strength of the recovery.



As a lifestyle financial planner, one of the most impactful conversations I have with clients revolve around understanding their spending habits – specifically, the difference between discretionary and non-discretionary spending. This distinction is more than just a budgeting exercise; it's a cornerstone of a resilient and personalized financial plan.

Non-discretionary spending refers to essential expenses such as those that are necessary for day-to-day living. Examples include:

- Housing (rent or mortgage)
- Utilities
- Groceries
- Insurance premiums
- Transportation
- Minimum debt payments

Discretionary spending, on the other hand, includes non-essential expenses such as those that enhance your lifestyle but aren't strictly necessary. Examples include:

- Going to restaurants
- Travel and vacations
- Entertainment and hobbies
- Luxury goods
- Subscriptions and memberships

Understanding the difference is crucial because it helps you identify where you have flexibility and where you don't. This clarity becomes especially important when life throws a curveball or a "one-off" as we like to call them. Remember back in 2002 when US Defence Secretary Donal Rumsfeld used the phrase "unknown unknowns". One-offs can be unknown unknowns like job loss, unexpected medical expenses, or economic downturn.

In Life planning we don't measure our spending with budgets; rather, we create a spending plan. A spending plan – sometimes called a cash flow plan – is a proactive approach to managing your income and expenses. Unlike a restrictive budget, a spending plan aligns your money with your values and goals. It's not about saying "no" to lattes or vacations; it's about saying "yes!" to what matters most.

A spending plan adds strength to your financial plan through clarity and control, flexibility in times of change, alignment with life goals, improved savings and investment strategy, and reduced financial stress.

Clarity and Control

By categorizing your expenses into discretionary and non-discretionary, you gain a clear picture of where your money is going. This awareness is empowering because it puts you in control of your financial decisions rather than feeling like your money controls you.

Flexibility in Times of Change

Life is dynamic. A well-structured spending plan allows you to adjust discretionary spending when needed without jeopardizing your essential needs or long-term goals. This flexibility is key to financial resilience.

Alignment with Life Goals

As a lifestyle financial planner, my goal is to help you live the life you want, not just in retirement, but today. A spending plan ensures your money supports your values, whether that's travelling the world, supporting your family, or pursuing a passion project.

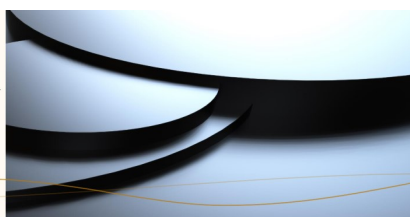
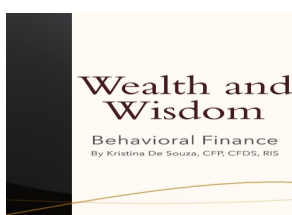
Improved Savings and Investment Strategy

When you know how much of your income is truly available after covering essentials, you can make more informed decisions about saving and investing. This leads to more consistent contributions to retirement accounts, emergency funds, and other financial goals.

Reduced Financial Stress

Perhaps most importantly, a spending plan reduces anxiety. Have you ever woken up in the middle of the night thinking about money? Are they comforting thoughts or are they making you anxious? Knowing that your essentials are covered and that you have a plan for your discretionary spending brings peace of mind and confidence in your financial future. You may just sleep a little better too!

A financial plan is not a one-size-fits-all document. It is a living, breathing strategy that evolves with your life. At its heart is your spending plan, which reflects your priorities and adapts to your circumstances. If you're just starting your financial journey or looking to refine your current plan, begin by tracking your expenses and categorizing them. From there, we can work together to build a spending plan that supports your lifestyle today and your dreams tomorrow.



Tax Optimization Through Charitable Donations



When it comes to managing wealth, strategy is everything, especially when the goal is to minimize taxes, preserve your legacy, and make a meaningful difference. For business owners and high-net-worth families, charitable giving is more than an act of generosity. It can be a highly effective tool for aligning your values with your financial decisions, while also achieving tangible tax advantages.

In Canada, individuals who give to registered charities are entitled to non-refundable tax credits that increase substantially once annual donations exceed \$200. Donors can claim up to 75% of their net income in charitable contributions each year; and in the year of death or the preceding year, that limit is even higher.

If you own investments like stocks or mutual funds that have gone up in value, donating them directly to a charity can be one of the smartest ways to give. Instead of selling them and paying capital gains tax, you can gift them as-is, which means you avoid the tax and still get a donation receipt for the full market value. It's a win-win: your chosen charity gets the most benefit, and you keep more money out of the CRA's hands.

Businesses have just as much to gain from thoughtful, strategic giving as individuals do and in some cases, even more. When a company makes charitable donations, those contributions are typically deductible, reducing its taxable income and, in turn, lowering its overall tax bill. If the business chooses to donate appreciated assets like publicly traded shares instead of cash, it not only gets the deduction but also avoids paying capital gains tax on the growth of those investments. It's a smart financial move that mirrors the benefits individuals enjoy through similar strategies.

The advantages go well beyond numbers; when a business actively gives back, it sends a powerful message about its values. Philanthropy can strengthen a company's brand, boost public trust, and position the business as a community leader. It also sets a tone from the top, one that fosters a culture of purpose and generosity within the organization. Employees often feel more engaged and prouder to be part of a company that invests in causes they care about, and people increasingly want to support businesses that demonstrate real social responsibility. In a competitive market, doing good can also be a meaningful way to stand out.

One tool that many business owners and wealthy families are beginning to leverage is the donor-advised fund, or DAF. Still relatively unfamiliar in Canada, DAFs offer many of the advantages of a private foundation, such as long-term grant making and investment control, but with none of the administrative complexity or regulatory burdens. After contributing cash or appreciated assets to the fund, donors receive an immediate tax receipt, while retaining the ability to recommend which charities receive grants and when. The sponsoring foundation handles the rest, including all legal, compliance, and reporting obligations.

DAFs also integrate seamlessly into broader financial, estate, and business succession plans. You can continue to work with your current financial and tax professionals, ensuring your giving remains aligned with your overall goals. Donors retain control over how the charitable funds are invested and can name successors to carry on the philanthropic vision; turning a single contribution into a lasting, multi-generational legacy.

The fund itself can carry your family or business name or remain entirely anonymous, depending on your preferences.

For affluent individuals and entrepreneurs, philanthropy is often an essential part of a life well lived. It offers a unique opportunity to reduce tax liabilities, reinforce core values, and establish a legacy that lasts beyond your lifetime. Charitable giving, when approached with intention and strategy, becomes more than a financial decision, it becomes part of a purpose-driven life plan. If you're looking to enhance the impact and efficiency of your charitable giving, we can work together to craft a financial strategy that thoughtfully integrates success, security, and purpose.



How Scientific Thinking Strengthens Financial Decision-Making



“Science is a way of thinking much more than it is a body of knowledge.”

— Carl Sagan

Hello to our valued clients! I just want to start by saying how excited I am to join the KPW team as Vice President of Research and Analytics, and I look forward to getting to know you all as we begin working together.

So, a bit about me. Prior to joining KPW, my focus was in academic science and corporate research strategy, areas where solving complex problems and making decisions in uncertain, dynamic environments was the norm. It quickly became clear that the scientific method isn't just for the lab. It's one of the most effective tools for separating signal from noise, grounding decisions in evidence, and bringing structure to the unpredictable. Over time, I saw how powerful these same principles can be when applied in the world of finance, where ambiguity and risk are constants. When rigorously integrated into financial decision-making, the scientific method helps to ensure investment choices are anchored in context and clarity rather than assumption or impulse.

From Biology Labs to Financial Markets

Over the last decade, I've led cross-disciplinary teams across the globe, working to map brain circuits, develop novel therapeutics, and build predictive models to make sense of complex biological systems. But no matter the focus, the goal remained the same: turning messy data into actionable insights that support clear and confident decision-making.

That same way of thinking shapes how I approach financial systems. While the economy isn't alive, it often behaves as if it were—evolving and adapting to external forces that are in constant flux. This is where the scientific method proves invaluable. The practices of systematic observation, pattern recognition, and rigorous validation are as relevant to markets as they are to science. In both fields, we're working with incomplete data, conflicting signals, and shifting conditions. And in both, success hinges less on certainty and more on how well we navigate complexity and respond to uncertainty.

Making Sense of Mixed Signals

Good research always starts with asking the right questions. What's really driving the trends we see? Are the stories we're hearing backed up by the data? What assumptions still hold, and which ones need to be revisited?

These questions are especially important when the data seem to point in different directions. Take recent inflation data, for example. In the U.S., inflation looks like it's cooling, with prices in May up just 0.1%. But at the same time, new import tariffs could reverse that progress. In Canada, the picture is just as mixed. Headline inflation is down to about 1.7%, but core inflation—which strips out volatile items like food and energy—is still sitting at 2.9%. That suggests underlying costs, like housing and healthcare, are still climbing. Meanwhile, surveys show that people aren't feeling especially confident about the economy, even though spending remains fairly strong. All of this points to a landscape that's shifting, complex, and not easily summed up in a single headline.

This is why it's so important not to rely on one data point or story. A scientific approach pushes us to look at how all these signals interact, how they change over time, and what that means for the bigger picture.

Patience Over Hype

In today's fast-moving world, financial "insight" is often nothing more than statistical noise. Every little move in the market gets picked apart instantly, and often without much context. Headlines form the story before the data has really been properly analyzed and understood.

For example, just over a week ago we saw a U.S. jobs report showing lower unemployment and strong payroll growth, which markets took as a positive sign. Just a few days later, a manufacturing index showed a sharp decline, sparking fears of an economic slowdown and calls for rate cuts. Both reports were accurate, but neither told the full story on their own.

This kind of back-and-forth isn't unusual. It's just part of how complex economies behave. But the rush to form conclusions before all the facts are in can lead us astray. It's not just a finance problem, either—we see it in science and medicine too, where nuanced research is often boiled down into oversimplified headlines that miss (or skew) the point. In all these areas, a systematic, evidence-first approach rooted in the scientific method is key to cutting through the noise and making sense of what's actually happening.

Why This Matters for Investors

Using a scientific lens to look at financial decisions isn't just about tracking and understanding the markets—it helps us maintain confidence in our decisions when things are uncertain. Every investor, whether they realize it or not, uses some kind of cognitive model to make decisions. The stronger and more flexible that model is, the better the decisions tend to be.

Models that overreact to short-term swings or lean on outdated assumptions often falter under pressure. By contrast, models that systematically adapt to new information and maintain focus through volatility tend to hold up better over time. That resilience becomes especially valuable in moments like this, when inflation trends are uneven, central banks are playing it safe, and geopolitical risks are hard to pin down. Having a clear, research-based framework helps keep our focus where it should be—on long-term goals, not short-term noise.

At the end of the day, we can't eliminate uncertainty—but we can manage it. That's what the scientific method is built for: bringing clarity in times of ambiguity and strengthening confidence in the decisions we make. For investors, that means fewer knee-jerk reactions, tighter alignment between information and action, and an investment strategy that stays focused on what really matters—achieving long-term financial goals.

At KPW we pride ourselves on a data-driven, research-first approach to financial strategy. My role as Vice President of Research and Analytics is to ensure that our clients receive rigorous, evidence-based insights that enhance their investment decisions.

As we move forward, I am committed to delivering: Clear, well-researched perspectives on market trends and economic conditions. Objective, disciplined risk assessments to navigate uncertainty with confidence. Strategic frameworks backed by data, ensuring financial decisions align with long-germ goals.

Investing is a continuous process of learning, adapting, and refining strategies. By applying scientific thinking to financial analysis, we create a structured path to success – one that cuts through market noise and focuses on what truly matters. I look forward to sharing more insights and helping you make informed, strategic investment decisions in the months and years ahead.



UNLOCKING GROWTH: A CASE STUDY ON STRATEGIC LEVERAGING

When dealing with sophisticated investors the conversation inevitably turns to leveraging in an investment portfolio. Leverage is a powerful financial tool that, when applied strategically, can accelerate portfolio expansion, enhance tax efficiency, and optimize long-term wealth creation. While the concept of borrowing to invest is often associated with increased risk, a disciplined approach can turn leverage into a calculated advantage, allowing investors to amplify returns without compromising financial security.

This article explores a real-world case study of how a KPW client successfully implemented a leverage strategy, funding investment costs with tax-efficient cash flow, while maintaining a sustainable, growth-oriented portfolio. By breaking down the core mechanics of leverage—including interest deductions, portfolio growth, and risk management—this analysis demonstrates how investors can maximize capital efficiency while navigating market fluctuations.

PREPARED FOR						
LEVERAGE PORTFOLIO ANALYSIS						
	Opening balance as at March 18, 2018			\$1,350,000		
Year	Year-End Market Value	Interest Rate (%)	Net Interest Cost (After Tax Deduction)	(After Costs & Deductions)	Net Annual Rate of Return (%)	ANNUALIZED ROR SINCE INCEPTION
2018	\$1,274,030	3.95%	\$18,337	-\$94,307	-26.95%	
2019	\$1,535,931	4.45%	\$20,659	\$214,220	61.22%	19.80%
2020	\$1,728,732	4.45%	\$20,659	\$168,960	48.27%	26.60%
2021	\$1,980,547	2.95%	\$13,667	\$238,148	68.04%	33.90%
2022	\$1,729,630	2.95%	\$13,667	-\$264,585	-75.88%	12.70%
2023	\$1,937,370	7.15%	\$33,180	\$194,560	55.59%	18.30%
2024	\$2,305,794	7.45%	\$34,575	\$334,039	95.44%	15.70%
2025 (YTD June 8)	\$2,380,139	5.95%	\$13,820	\$60,525	17.29%	16.00%

Structuring the Leverage: A Breakdown of the Investment Case

In this case study, the investor implemented a leveraged investment strategy by pledging \$350,000 in capital to secure a loan of \$1,000,000, effectively increasing their portfolio exposure to \$1,350,000. This approach allowed the investor to amplify potential returns while maintaining a calculated risk framework.

Tax Efficiency Through Interest Deduction

A key advantage of leveraged investing is the ability to deduct interest costs as an expense. In this scenario, the investor is in a 53.5% tax bracket, meaning more than half of the interest paid on the loan is effectively recovered through tax deductions, reducing the overall borrowing cost. Each year, the interest rate fluctuated based on market conditions, impacting net portfolio expenses.

Return Calculations Based on the Initial Investment

All gains and losses in this portfolio are measured against the investor's original \$350,000 investment, rather than the full leveraged amount. This distinction is crucial because it shows the impact of leverage on actual capital at risk. When portfolio returns are positive, leverage enhances growth beyond what would be possible with a cash-only approach. However, during downturns, losses are magnified, requiring disciplined risk management.

Investment Strategy Considerations

Leveraged investing demands a structured approach to portfolio allocation, tax planning, and interest rate monitoring. The success of this strategy relies on maintaining strong tax efficiency, ensuring sufficient cash flow to cover borrowing costs, and leveraging market opportunities to maximize long-term portfolio expansion.

This framework highlights how strategic leverage can optimize returns, but also underscores the importance of managing downside risk effectively to sustain financial health.

Extreme Volatility in a Leveraged Portfolio: Navigating the Highs and Lows

Leveraged investing can deliver amplified returns, but it also introduces heightened exposure to market swings, making risk management essential. This portfolio demonstrates the reality of extreme volatility, where leveraged strategies magnify both gains and losses.

Sharp Swings In Performance

In 2022, the portfolio suffered a steep decline of -75.88%, reflecting a major market downturn. This resulted in a negative return after costs and deductions, significantly impacting portfolio value. However, just one year later in 2023, the portfolio rebounded with a 55.9% return (on the client's initial investment and excluding the leveraged component), showcasing the ability of leverage to enhance recovery following downturns.

Impact of Interest Rate Changes

Interest rates fluctuated considerably during this period, with the net interest cost rising from 2.95% in 2021 to 7.45% in 2024. This shift increased borrowing costs, requiring precise financial management to maintain efficiency and prevent excessive cash outflow.

Long-Term Portfolio Growth Despite Volatility

Despite sharp swings, the portfolio's annualized rate of return (ROR) remains positive, stabilizing at 16% in 2025 YTD. This demonstrates the long-term resilience of a properly structured leverage strategy, reinforcing the importance of maintaining the strong tax efficiency and disciplined portfolio allocation to mitigate risk.

Total Profit Earned: Measuring the Success of Leverage Over 8 Years

After nearly eight years of implementing a leveraged investment strategy, this client's portfolio has demonstrated significant growth, despite periods of volatility. By examining net portfolio gains, adjusted for interest costs, tax deductions, and market fluctuations, we can assess the overall profitability of his approach.

Portfolio Growth & Net Gains

The Client's portfolio began with an initial leveraged balance of \$1,350,000, structured through a \$350,000 investment and a \$1,000,000 loan. Over time, despite market downturns in 2018 and 2022, the portfolio grew to \$2,380,139 as of June 8, 2025, reflecting strong investment returns.

- Total portfolio increase: \$1,030,139 from the original balance.
- Total interest paid: ~\$167,564 over eight years (before tax deductions).
- Effective net interest cost after tax deduction (53.5% bracket): ~\$77,865, significantly lowering borrowing expenses.
- Total net profit (portfolio increase minus interest costs): \$952,274, showcasing the strength of compounded leveraged growth.

Annualized Rate of Return (ROR) & Profitability

The Client's annualized ROR has fluctuated over the years due to market swings, but stabilizes at 27% by 2025 YTD—confirming long-term portfolio sustainability despite temporary downturns.

Final Takeaway: Leverage Amid Market Disruptions

The Client's leveraged investment strategy has delivered strong long-term returns, but it has also been tested by major market disruptions since 2018. These events highlight the importance of risk management, portfolio resilience, and strategic decision-making when using leverage.

Navigating Market Shocks

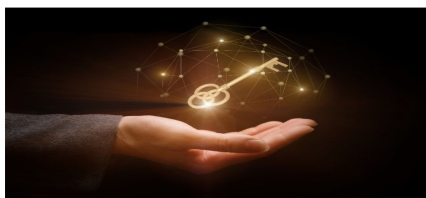
Throughout the past eight years, the Client's portfolio endured several significant financial disruptions, including: 2018 U.S.-China Trade War; Escalating tariffs and global uncertainty led to market volatility contributing to the portfolio's -26.95% return that year. 2020—COVID 19 Pandemic Crash: The sudden economic shutdown triggered a historic market decline, but the portfolio rebounded strongly in 2021 with a 68.04% return. 2022—Inflation & Interest Rate Hikes: The Fed's aggressive rate hikes caused market instability, leading to a -75.88% return, the sharpest decline in this leveraged portfolio. 2024—Banking Sector Turmoil & Rate Spikes: Rising interest rates and financial sector stress increased borrowing costs, with this portfolio's interest rate peaking at 7.45% requiring careful cash flow management.

Was Leverage Worth It?

Despite these disruptions, the annualized rate of return (ROR) remains at ~27%, demonstrating that strategic leverage can enhance portfolio growth when managed effectively. The ability to recover from downturns, optimize tax efficiency, and maintain long-term discipline underscores the value of structured leverage in wealth-building.

This case study proves that leveraged investing can be a powerful tool, but only when paired with disciplined financial planning, tax efficiency, and a resilient investment strategy.

PRIVATE WEALTH: SOLUTIONS FOR HIGH-NET-WORTH INVESTORS



CREATING A LEGACY OF FINANCIAL AFFLUENCE



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RESIDENTIAL INCOME FUND TRUST

KNOW YOUR PRODUCT

JUNE 2025

FOUNDED IN 2015, EQUITON is a wholly Canadian owned and operated company that focuses on providing high quality, institutional grade, private real estate investments. Our senior management team has an average of 25 years of industry experience and understands how to extract the most value from real estate with strong due diligence, transparency and governance. With \$1.5B in Assets Under Management, 14,500+ investors, and 250+ employees, Equiton's exponential growth is driven by building a strong portfolio of real estate assets and increasing their value through active management.

FUND STRATEGY

To acquire underperforming and undervalued multi-residential properties and select new developments in Canada and increase their value through active management.

8%-12% TARGETED ANNUAL NET RETURN

MONTHLY CASH FLOW THROUGH DISTRIBUTIONS

BUILD EQUITY AS MORTGAGE IS PAID

CAPITAL APPRECIATION OF PROPERTIES

Equiton Apartment Fund: A High-Yielding and Tax-Efficient Alternative to GICs

Many investors seek stability and predictable returns in their portfolios, leading them to Guaranteed Investment Certificates (GICs). While GICs provide security through fixed interest rates and the guarantee of principal return, they may not offer the most effective returns—especially in today's declining interest rate environment.

As the Bank of Canada continues to reduce rates, GIC returns are losing their appeal. Enter the Equiton Apartment Fund, a private real estate investment alternative that has historically delivered higher returns while maximizing tax efficiency for investors.

Higher Returns with Minimal Risk

Unlike traditional GICs, which lock investors into fixed returns, the Equiton Apartment Fund generates consistent monthly distributions, complemented by capital appreciation from professionally managed multi-residential properties. Since its inception in 2016, the fund has delivered positive returns every month for 109 consecutive months, making it a compelling option for those looking to optimize their investment outcomes.

Tax Efficiency Advantage

One of the standout benefits of the Equiton Apartment Fund is its tax treatment. GIC interest is fully taxable as regular income, reducing overall earnings after tax. However, distributions from the Equiton Fund are classified as return of capital, allowing investors to defer taxes until units are sold—often resulting in a significant tax advantage.

Comparing GICs and Equiton Apartment Fund

To illustrate the difference, consider an investor with a 45% marginal tax rate, investing \$100,000 over a two-year period:

INVESTMENT	TOTAL INCOME (2 YEARS)	TAXES PAID	AFTER-TAX IN- COME
2-YEAR GIC (3.7%)	\$7,400	\$3,440	\$4,070
EQUITON APARTMENT	\$13,480	\$0*	\$13,480

* Taxes on the Equiton Apartment Fund distributions are deferred until disposition.

Similarly, over five years, GIC investors would earn 60% less in after-tax income compared to Apartment Fund investors. This demonstrates that private REITs, like Equiton's Apartment Fund, offer a compelling alternative to traditional GICs—providing higher returns with better tax efficiency.

A Smarter Choice in a Changing Market

As market uncertainty persists and interest rates continue to decline, private REITs offer a balanced investment strategy, combining stability with growth potential. The Equiton Apartment Fund remains an attractive option for investors looking to diversify beyond GICs—enhancing returns while maintaining financial security.

For more information on Equiton's Apartment Fund, reach out to your KPW advisor today!

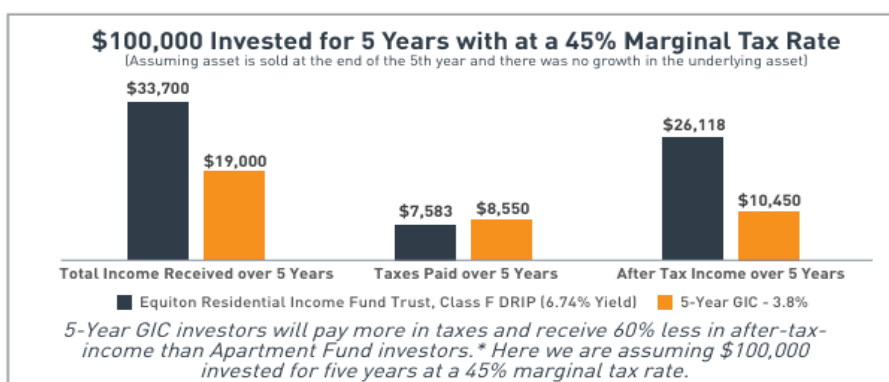
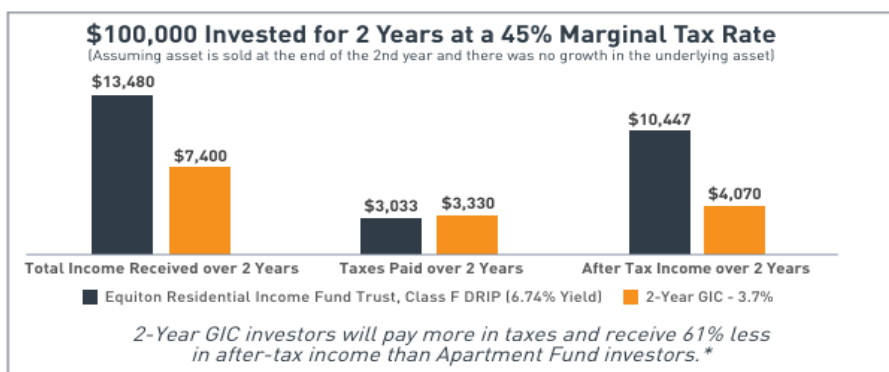
Exploring Alternatives Beyond GICs: A Smarter Approach to Investing

When markets get shaky due to economic or political uncertainty, it's common for investors to look for ways to protect their money and keep their portfolios well-balanced. Depending on individual goals and risk tolerance, a mix of steady income and growth potential can be a smart strategy.

GICs (Guaranteed Investment Certificates) have long been seen as a safe option, offering fixed interest and guaranteeing the return of your initial investment. They're especially appealing when interest rates are high. But with the Bank of Canada cutting rates, GICs are becoming less attractive, offering lower returns.

This is where private REITs (Real Estate Investment Trusts) come into play. They provide a compelling alternative, offering historically higher returns and better tax efficiency than traditional GICs.

Take a look at how the Equiton Residential Income Fund Trust (Apartment Fund, Class F) stacks up against GICs over two and five years. The numbers show how a \$100,000 investment at a 45% marginal tax rate can work in your favor.



Private REITs: A Reliable Investment in Uncertain Times

When the stock market is unpredictable and the economy feels uncertain, investors naturally look for stable and promising alternatives. Private REITs have consistently delivered both stability and growth, making them an appealing choice for those looking to diversify their portfolio.

The Equiton Apartment Fund has a track record of strong returns, often outperforming two- and five-year GICs—and it comes with important tax advantages too. As interest rates continue to drop, this fund remains a solid option for investors seeking better returns without taking on excessive risk.

*The current distribution yield of the Apartment Fund (Class F) is 6.74% and the GIC's yield is 3.8% for the five-year period and 3.7% for the two-year period. It is assumed that the marginal tax rate is 45%. **Ratehub.ca/gics/best-gic-rates - Accessed May 22, 2025

10 INVESTMENT MISTAKES TO AVOID



RISK

By Sergio Simone

Investing isn't just about crunching numbers—it's about staying disciplined, making informed decisions, and managing emotions. Many investors unknowingly fall into common traps that can limit their financial success. To build wealth while minimizing risk, it's essential to recognize and avoid these mistakes.

1. Overconfidence (Hubris) Can Backfire

Success in investing can sometimes lead to overconfidence, making investors believe they can't go wrong. This mindset can result in excessive risk-taking, ignoring market realities, or thinking past gains guarantee future success. The best investors remain humble, recognizing markets evolve and that continuous learning and adaptation are key to sustained growth.

2. Impatience Can Cost You Big Returns

Investing requires patience—it's a marathon, not a sprint. Many investors grow restless, jumping in and out of investments too quickly or failing to let long-term strategies play out. Selling too soon due to minor fluctuations can mean missing out on compounding gains. Staying committed to a thoughtful strategy is often more rewarding than chasing short-term movements.

3. Anxiety & Fear Lead to Emotional Decisions

Market downturns and uncertainty can make even seasoned investors uneasy. Fear-driven decisions—like panic selling during a market dip—can turn temporary losses into permanent ones. Instead of reacting emotionally, focus on long-term fundamentals and stick to a diversified strategy to ride out volatility with confidence.

4. Cynicism Can Make You Miss Opportunities

Being skeptical is wise, but excessive cynicism can cause investors to dismiss great opportunities simply because they seem too good to be true. Some investments, like private real estate funds, offer genuine advantages—such as higher returns and tax efficiency—yet they're often overlooked due to skepticism. Taking the time to properly research alternative investments can help uncover valuable opportunities.

5. Lack of Diversification Increases Risk

Putting all your eggs in one basket can be risky. A well-diversified portfolio includes a mix of stocks, bonds, real estate, and other assets, helping to mitigate losses when one sector underperforms. Balancing investments across different industries and asset classes is crucial for long-term stability and consistent returns.

6. Chasing Trends Instead of Fundamentals (My Personal Favorite)

It's easy to get caught up in the hype of trendy stocks or sectors, but investing based on market noise instead of solid fundamentals can be dangerous. Many high-flying stocks eventually crash when hype fades. Instead of chasing short-term excitement, focus on investments with proven long-term value, strong financials, and sustainable growth prospects.

7. Ignoring Fees and Taxes

Many investors overlook how fees and taxes impact returns. Hidden management costs, transaction fees, and tax inefficiencies can significantly reduce earnings over time. Understanding these factors can help optimize investments. But never lose sight of the fact that paying for value can enhance returns.

While many investors try to minimize fees and taxes, quality comes at a price—and paying for expert management, strategic allocation, and tax efficient investing can actually boost long-term returns.

Some investment options come with higher fees, but if those costs translate into better performance, stronger risk management, or tax advantages, they can be well worth it. Likewise, thoughtful tax planning—such as leveraging tax-efficient assets—can help reduce unnecessary burdens and maximize after-tax returns.

Instead of focusing solely on cutting costs, investors should consider the value they're receiving in return. Paying for expertise, tax efficiency, and the right investment structures can be a smart move toward financial success.

8. Trying to Time the Market

Even professional investors struggle to predict market movements. Timing the market—jumping in and out to catch highs and lows—is nearly impossible, and attempting to do so often leads to missed opportunities. A disciplined approach of consistent investing through up and down markets tends to produce better results than chasing short-term fluctuations .

9. Failing to Rebalance Your Portfolio

Over time, some assets in your portfolio may grow more than others, shifting the balance of risk and returns. Without regular rebalancing, investments can become overweighted in one area, exposing investors to unwanted volatility. Checking in periodically and adjusting allocations ensures your portfolio stays aligned with financial goals .

10. Ignoring Risk Tolerance

Investing should match your personal comfort level with risk. Some investors unknowingly take on high-volatility assets that stress them out, while others play it too safe and miss out on growth. Identifying the right balance—considering personal financial goals, time horizon, and risk tolerance—helps create a sustainable strategy that works for you .

Final Thoughts

Investing is a journey that requires a solid strategy, emotional discipline, and informed decision-making. Avoiding these common mistakes can help investors stay focused, build wealth, and achieve financial success in any market condition.

For personalized investment guidance, reach out to your KPW advisor today!

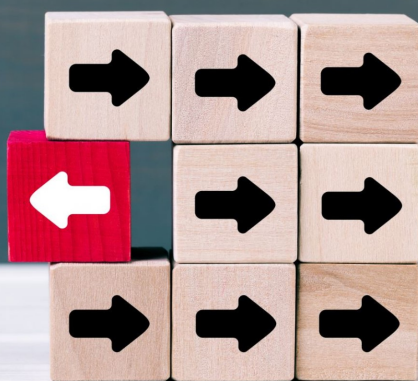


C-Suite Chronicles

Navigating Economic Uncertainty

Strategic
Leadership in a
Shifting Financial
Landscape

By Sergio Simone



The modern financial world is characterized by volatility, unpredictability, and rapid shifts in market dynamics. C-suite executives face unprecedented challenges, balancing corporate strategy with macroeconomic headwinds, policy changes, and investor expectations. Whether navigating inflationary pressures, fluctuating interest rates, or geopolitical instability, today's leaders must remain proactive, adaptable, and data-driven.

The New Reality of Market Volatility

Since 2018, businesses have faced an evolving landscape of economic disruptions, requiring executives to adjust strategies quickly and efficiently. The introduction of tariffs and trade restrictions during the U.S.-China trade war created supply chain instability, forcing corporations to rethink logistics and international partnerships. Just two years later, the COVID-19 pandemic brought financial markets to a halt, leading to widespread liquidity concerns and accelerated digital transformation across industries. Inflationary pressures and aggressive interest rate hikes in 2022 further complicated financial planning, making capital more expensive and creating turbulence in investment markets. The years following saw continued volatility, with banking sector instability, commodity price fluctuations, and shifting consumer spending patterns defining the financial climate of 2024 and 2025.

Executives navigating these disruptions have had to develop adaptive financial strategies to sustain growth and maintain corporate stability. Strengthening financial resilience is paramount, requiring liquidity management, efficient capital allocation, and risk-mitigation strategies tailored to unpredictable market conditions. Organizations have sought diversification in investment approaches, spreading assets across multiple sectors to avoid exposure to downturns in any single industry. The rise in borrowing costs due to interest rate hikes has led companies to adjust debt management strategies, ensuring they remain agile while leveraging financial resources strategically.

Market intelligence and data-driven insights play an essential role in decision-making. Leaders must remain informed about macroeconomic trends, sector performance indicators, and evolving consumer behaviors to make well-calculated business moves.

By analyzing GDP growth patterns, inflation forecasts, and fiscal policy shifts, executives can refine corporate investment strategies and adjust operational priorities. Sector-specific performance reviews offer insights into industries poised for expansion and those experiencing contraction, allowing firms to proactively adjust their market positioning. Understanding consumer demand trends helps companies align their product offerings with shifting purchasing behaviors, ensuring they remain competitive during economic fluctuations.

Leadership must also embrace adaptability in workforce management and operational structuring. Reskilling initiatives ensure employees remain equipped with relevant knowledge as industries evolve, strengthening corporate innovation capacity. The integration of artificial intelligence and automation into financial decision-making allows firms to optimize operational efficiency and improve forecasting accuracy. Flexible organizational structures provide businesses with the ability to shift priorities, scale operations, and pivot strategies in response to sudden economic changes.

Despite uncertainty, forward-thinking executives recognize that volatility can present new opportunities for expansion and financial growth. Mergers and acquisitions offer the ability to absorb weaker competitors and consolidate market leadership. Strategic partnerships help businesses expand revenue streams while benefiting from financial synergies with industry collaborators. Innovation remains a crucial driver of corporate success, as companies invest in new technology, enter emerging markets, and develop solutions that cater to evolving consumer demands.

Positioning for Future Growth: Strategic Leadership in an Uncertain Economy

Market volatility and economic disruptions are inevitable, but executives who proactively adapt can position their organizations for sustained success. To thrive, leaders must embrace agility, leverage financial intelligence, and maintain a forward-looking strategy.

Strengthening financial resilience is essential in uncertain conditions. Executives should ensure their organizations maintain strong liquidity and optimize capital allocation to protect against economic downturns. Diversifying investment approaches reduces dependence on vulnerable sectors and opens up opportunities for stable growth. Risk mitigation strategies, such as hedging against inflation and interest rate fluctuations, provide additional protection while allowing businesses to continue expanding. Tax-efficient financial planning plays a critical role in maximizing cash flow and ensuring businesses retain enough flexibility to reinvest capital effectively.

Data-driven decision-making is more critical than ever. Tracking macroeconomic indicators, sector performance, and shifting consumer behavior allows executives to anticipate challenges before they arise. Understanding GDP trends, inflation forecasts, and interest rate movements helps corporate leaders refine financial strategies. Sector analysis identifies industries poised for expansion or contraction, enabling firms to allocate resources effectively. Consumer behavior trends highlight shifts in demand, allowing businesses to adjust marketing and product strategies to remain competitive.

Leadership is evolving, requiring executives to adapt to changing workforce dynamics. Reskilling initiatives ensure teams remain competitive in a fast-moving market, equipping employees with the knowledge and tools to sustain innovation. AI and automation continue reshaping financial strategy and operational efficiency, pushing companies to integrate new technologies to maintain a competitive advantage. Flexible operational models, including hybrid and decentralized structures, provide organizations with greater adaptability in uncertain economic conditions.

Despite uncertainty, growth opportunities remain for those willing to embrace bold leadership. Mergers and acquisitions offer businesses the chance to absorb weaker competitors and expand market reach.

Strategic partnerships create financial synergies and open up additional revenue streams. Innovation and expansion allow firms to take advantage of technological advancements and new market opportunities, driving long-term success.

By maintaining financial discipline, using intelligent forecasting, and preparing for economic shifts, executives can position their organizations for sustained growth. Economic uncertainty presents challenges, but strong leadership ensures businesses can navigate disruption while capitalizing on emerging opportunities.

BEYOND THE BENCHMARK

How KPW Financial Constructs Portfolios for Long-Term Success

By Sergio Simone

In the world of investing, comparisons to benchmark indices have become a standard measure of success. Many investors assume that if a mutual fund or portfolio does not consistently outperform the index, it is underperforming. This perspective, while understandable, overlooks critical aspects of portfolio construction—particularly risk management, volatility control, and alignment with individual financial goals.

At KPW Financial, we design portfolios that prioritize stability, risk-adjusted returns, and long-term suitability for our clients. While beating the index might be desirable in certain situations, it is not our core focus. Instead, we concentrate on delivering strategic, well-balanced portfolios that match each investor's comfort with risk, investment horizon, and financial objectives.

Why Beating the Index is Not the Sole Measure of Success

Indexes such as the S&P/TSX Composite or MSCI World provide a reference point for market movements, but they do not account for an investor's unique financial needs. An index reflects a broad market snapshot—one that includes the highest highs and lowest lows, creating volatility levels that may not be appropriate for all investors. A portfolio constructed purely to chase index-beating returns can expose investors to excessive risk, sharp downturns, and market instability that may conflict with their personal financial goals.

Mutual funds and diversified portfolios serve a different function. They are designed to generate consistent, risk-managed growth while smoothing out volatility. While some individual funds may outperform an index in certain periods, others may focus on preserving capital, providing predictable income streams, or minimizing exposure to extreme downturns.

Key Considerations in Portfolio Construction

When selecting funds for client portfolios, we consider several factors beyond simple return comparisons.

One of the most overlooked elements of fund analysis is volatility and risk-adjusted performance. A fund may deliver higher returns than an index, but if it does so with extreme price fluctuations, the investor may experience undue stress and potential losses during market corrections. Standard deviation, beta, and drawdowns are crucial measures that help assess stability and ensure that investors are not taking on unnecessary risk.

Expense ratios and management fees play a critical role in net investor returns. Actively managed funds often charge higher fees, and while they may offer tactical advantages, the excess costs can erode long-term gains. At KPW Financial, we factor in these expenses to ensure that clients receive optimal value for the funds included in their portfolios.

Market conditions fluctuate, and performance must be evaluated across various economic cycles. Some funds may excel during bull markets but falter when markets turn volatile. Rather than chasing returns in specific years, we focus on funds that demonstrate resilience across downturns, ensuring consistency over time.

Sector allocations and investment styles are also carefully considered. A mutual fund's weighting toward specific industries can significantly impact its returns. A fund concentrated in high-growth sectors may show strong performance when those industries thrive but may experience considerable losses in weaker years. Our portfolio construction strategy ensures sector diversification to minimize undue exposure to market downturns.

A Holistic Approach to Portfolio Success

Some Investors may wonder why the funds recommended by KPW Financial do not always outperform the market. The answer is straightforward: our priority is building sustainable, risk-conscious portfolios that align with each client's investment philosophy, financial needs, and tolerance for volatility. Index-beating returns may come with excessive risk exposure that does not suit all investors, which is why we focus on risk-adjusted returns rather than chasing short-term performance metrics.

Success in investing is not measured solely by comparison to an index. It is determined by achieving financial goals, maintaining stability, and ensuring long-term portfolio sustainability. A well-designed investment strategy balances growth with risk control, allowing investors to navigate market fluctuations confidently. By taking a disciplined approach to portfolio construction, KPW Financial delivers investment solutions that prioritize long-term value, security, and financial well-being over short-term index comparisons.

Real-World Examples: Canadian Mutual Funds and Portfolio Construction

At KPW Financial, our approach to portfolio construction is centered on risk management, volatility control, and long-term financial stability rather than simply chasing index-beating returns. To illustrate this, here are additional comparisons of Canadian mutual funds that demonstrate how different investment strategies contribute to portfolio resilience and performance.

One example is the **Fidelity Canadian Large Cap Fund**, which is often compared to the S&P/TSX 60 Index. While the fund may not consistently outperform the index, it focuses on high-quality Canadian companies with strong fundamentals, offering investors lower volatility and more predictable returns. This aligns with KPW's philosophy of prioritizing stability over short-term market fluctuations.

Another case is the **Mackenzie Global Dividend Fund**, frequently measured against the MSCI World Index. This fund emphasizes dividend-paying stocks, providing investors with steady income and downside protection. While it may not always exceed index returns, its income-generating focus ensures a more balanced risk profile, making it a valuable component in portfolios designed for long-term wealth preservation.

For a sector-specific comparison, the **TD Science & Technology Fund** is often evaluated against the S&P/TSX Technology Index. While this fund has delivered higher returns than the sector benchmark, it has also experienced greater volatility, particularly during periods of tech-sector corrections. KPW Financial incorporates funds like this selectively, ensuring that clients with higher risk tolerance can benefit from growth opportunities while maintaining diversification across more stable asset classes.

These comparisons reinforce KPW Financial's commitment to constructing portfolios that align with client objectives rather than simply chasing index out-performance. By focusing on risk-adjusted returns, expense efficiency, sector diversification, and resilience across market cycles, we ensure that our clients receive investment solutions tailored to their financial needs.



20TH
EDITION



2025

Fidelity Retirement Report

HELPING CANADIANS THINK ABOUT RETIREMENT

Last week Fidelity released their **2025 Retirement Report**. Every year they survey Canadians across the country near, and already in retirement, on how they plan to approach the next stage of their lives. This year's report is particularly interesting as it considers how inflation and rising costs are altering Canadian's retirement plans. **The good news is that Canadians working with a Financial Advisor are more confident and prepared than those who don't get financial advice.**

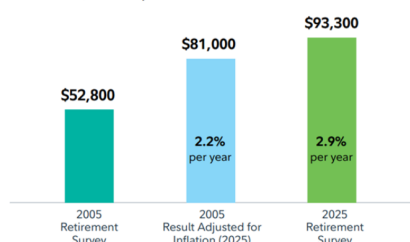
[READ THE FULL REPORT HERE:](#)

Key Takeaways

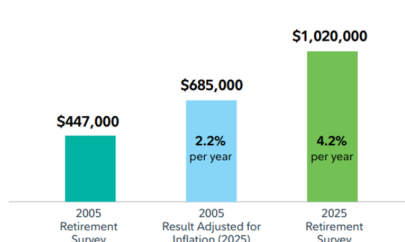
- Retirement planning in Canada is increasingly complex, influenced by market dynamics, inflation, and global political uncertainties.
- The decline of employer-sponsored retirement plans places more responsibility on individual investors and their advisors.
- Average retirement age is rising in Canada, with hybrid working arrangements offering flexibility for extended careers and smoother transitions into retirement.
- Key risks to financial security in retirement include inflation, withdrawal rate, longevity, asset allocation, and health care.
- Increased expectations of familial financial support and generational wealth transfer necessitate comprehensive financial planning.
- The evolving landscape of retirement planning presents opportunities for financial advisors to inspire optimism and confidence in clients by updating their strategies.

Perceptions of a comfortable retirement income have outpaced inflation. The cost of living has obviously increased since 2005, but the amount that pre-retirees believe they would need for a comfortable retirement has outpaced the natural rate of inflation.

Pre-retirees: Before taxes, what will be the **amount of annual household income** you believe you [both you and your spouse] will need to be comfortable during retirement, in today's dollars?



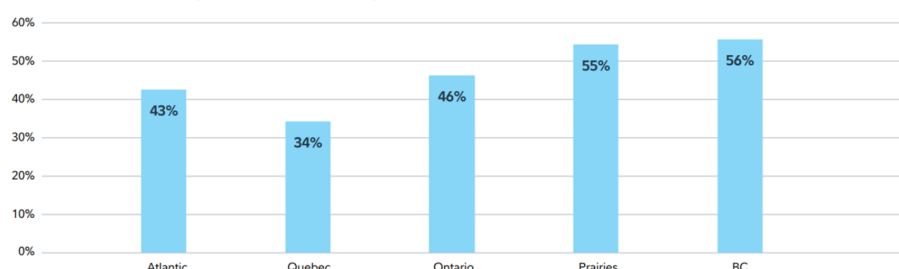
Pre-retirees: And about how much do you feel you will need in order to generate that annual household income amount?



The higher cost of living continues to influence when pre-retirees think they will retire, with 46% indicating they now plan to retire later in life

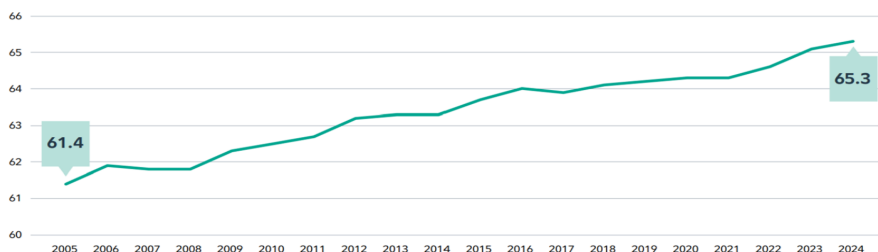
Pre-retirees: Has the rising cost of living influenced when you think you will retire?

Answer: Yes, I'm planning to retire later than I originally planned or expected



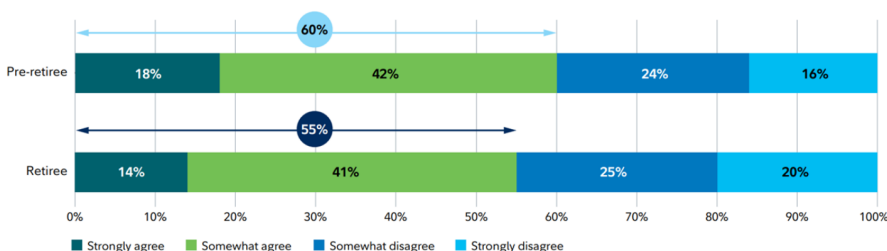
The average age of retirement increased from 61.4 to 65.3 between 2005 and 2024. Today, the share of pre-retirees indicating that they will retire at age 65 or above is significantly higher than it was in 2005. This suggests that the average age of retirement will continue to increase.

Average age of retirement in Canada (Statistics Canada)



Many Canadians would like to see their heirs enjoy their inheritance during their lifetime. However, few are having conversations about this with their advisors.

All: "I would like to pass on a significant portion of my wealth to the next generation before I pass away"

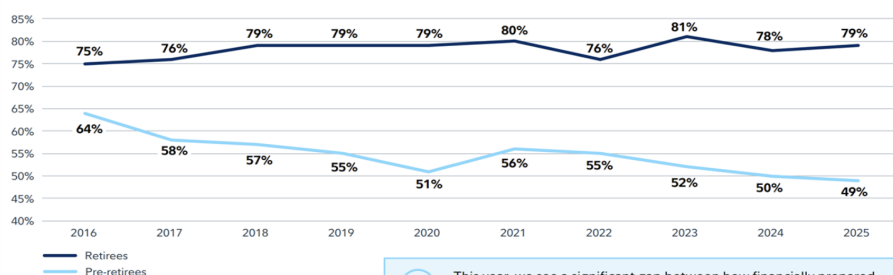


The gap between the financial preparedness of retirees and pre-retirees is at the highest level since we began asking this question in 2016.

Pre-retirees: How well-prepared for retirement do you feel you are?

Retirees: How well-prepared were you for retirement?

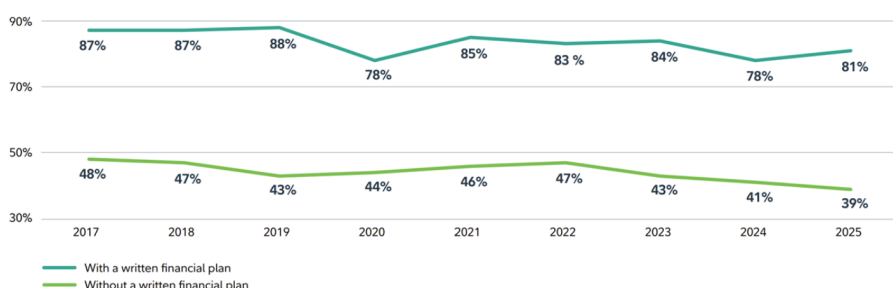
Answer: I feel/felt financially prepared for retirement



This year, we see a significant gap between how financially prepared male and female pre-retirees feel, at 56% and 43%, respectively.

Pre-retirees with a written financial plan feel much more prepared for retirement than those without.

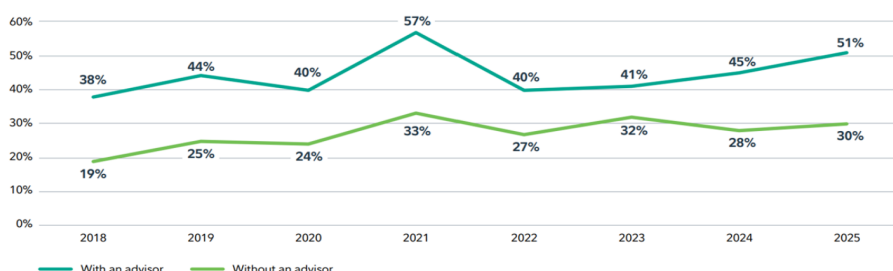
Pre-retirees: How well-prepared for retirement do you feel you are? **Answer:** Financially Prepared



Regardless of whether markets have been up or down, retirees with advisors have consistently been more likely to say that their savings are growing while meeting their income needs.

Retirees: Which of the following best describes your situation when it comes to your retirement savings?

Answer: My savings for retirement are still growing while my retirement income needs are being met



PROTECTING YOUR LIFESTYLE BY KPW

Working with an advisor significantly increases optimism about meeting financial goals and being prepared for retirement.

	PRE-RETIREES		RETIREES	
	WITHOUT an advisor	WITH an advisor	WITHOUT an advisor	WITH an advisor
I feel optimistic that there will be lots of opportunities for future investment growth	28%	49%	27%	47%
I feel I'm getting closer to achieving my financial goals	28%	45%	28%	50%
I feel financially prepared for retirement/was financially prepared for retirement	38%	58%	64%	87%



CURATED INSIGHTS: MUST-READ ARTICLES

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[BUY-THE-DIP RETAIL INVESTORS ARE GETTING BOLDER, JUST WHEN THE RISKS ARE GETTING BIGGER, SAY ANALYSTS](#)

[THIS IS EXACTLY HOW MUCH YOU SHOULD HAVE SAVED FOR YOUR KID'S COLLEGE BY THE TIME THEY'RE 5, 13 AND 18](#)

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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.

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