



JULY 2025 EDITION VOLUME 14, ISSUE 7

KPW FINANCIAL NAVIGATOR



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 by trained and accredited professionals.



91 Anglewood Court, Kleinburg, ON LOJ 1C0 | 905-893-2540 kpwfinancial.com

Mutual funds, liquid alts and ETFs provided through Carte Wealth Management Inc.







IMAGINE YOUR FUTURE

"The pessimist sees difficulty in every opportunity. The optimist sees opportunity in every difficulty" - William Churchill





THE WAY I SEE IT

By SERGIO SIMONE



The 2025 Market's Surprising Journey So Far

The first half of 2025 took investors on a rollercoaster ride, starting with a burst of optimism, then plunging into uncertainty, only to rebound stronger than before. Many braced for economic trouble – "market smoke" signaling a looming recession – but ultimately no fire materialized. Instead, positive developments shored up confidence, and the market is now on far firmer footing than many expected a few months ago. As one analyst noted, the period was "a story of two sharply contrasting quarters" – a fearful downturn followed by a rousing recovery. Below, we explore this journey in depth, from the promising start of the year through the spring correction and the unexpected upswing that followed, and examine why the anticipated recession never arrived. Finally, we look ahead with cautious optimism at what the rest of 2025 might hold.

Early 2025: A Promising Start

January 2025 began positively for markets, with easing inflation and stable economic conditions boosting stocks and bonds. The S&P 500 rose by 2.8%, and the Dow Jones Industrial Average increased by nearly 4.8%. Investors were optimistic about cooling price pressures and potential Federal Reserve rate cuts. U.S. equities rebounded strongly, driven by renewed optimism about economic resilience and potential rate cuts. International markets also rallied, with Europe's STOXX 50 and other indices outperforming the U.S. due to improving global data and reduced trade tensions.

This positive momentum continued into February, fueled by pro-growth policy expectations. The new administration in Washington promised business-friendly measures, including tax cuts, deregulation, and infrastructure spending, which boosted hopes for stronger corporate earnings and economic expansion. President Trump's return and fiscal stimulus pledges extended the stock rally for several weeks after the January inauguration. By mid-February, the Dow, S&P 500, and Nasdaq reached multimonth highs, with relatively low volatility.

Economic fundamentals supported this optimism. Key data such as job growth and retail sales indicated a steady economy, despite mixed sentiment in some surveys. The unemployment rate remained near historic lows in the low 4% range, and inflation was trending down towards the Federal Reserve's comfort zone. This backdrop of resilient fundamentals reinforced the market's strength, with the S&P 500 and Dow firmly positive year-to-date as January ended, setting an encouraging stage for 2025





Spring Setback: Correction Amid Recession Fears

The optimistic outlook darkened in March as aggressive trade moves from the White House spooked investors. The announcement of new tariffs led to a market correction, with the S&P 500 falling over 10% from its February peak. By the end of March 2025, recession fears dominated headlines, fueled by the Federal Reserve's tight policy and surging Treasury yields. The U.S. economy showed signs of weakness, with a -0.3% annualized contraction in Q1 GDP.

The situation worsened with the "Liberation Day" tariffs on April 2, leading to a massive sell-off. The S&P 500 plummeted 4.8%, the Dow fell nearly 4%, and the Nasdaq dropped almost 6% in a single day. Within 48 hours, the S&P 500 lost roughly 10% of its value, and the Nasdaq entered a bear market. Volatility spiked, with the VIX reaching its highest level since the 2020 pandemic crash.

The abrupt tariff escalation raised fears of stagflation, with economists warning of an unavoidable recession if tariffs were not rolled back. Bond markets and commodities also flashed warning signs, with Treasury yields whipsawing and gold prices soaring. The financial system braced for a significant downturn.

Thankfully, the turmoil was short-lived. On April 9, President Trump paused further tariff increases, leading to a positive market response and easing fears of a recession.

Rebound and Recovery: Clearing the Smoke

Once the tariff barrage was paused, the market staged a stunning comeback. In the days following the announcement, U.S. stock indices soared, with the S&P 500 surging over 10% in Q2 2025, finishing the first half of the year at a record high. Investors who had been selling now rushed back in, sensing that the worst-case scenario might not materialize.

Several factors fueled this V-shaped recovery. The easing of trade tensions reduced immediate uncertainty, with the U.S. reaching preliminary trade deals with the U.K. and de-escalating its standoff with China. Hopes grew that many tariffs would be scaled back through negotiations. Hard economic data also contradicted dire predictions, with resilient labor market indicators and steady consumer spending. Inflation remained modest, and the economy showed solid growth.

Financial conditions improved markedly, with the stock market's rebound restoring confidence. Volatility subsided, and market sentiment shifted back to cautiously bullish. The tech sector, in particular, came roaring back, helping power the indexes to new highs. By early July, the S&P 500 had not only erased its correction but hit new all-time highs, marking one of the sharpest bull swings in decades.

The unexpected resilience was driven by several positive developments, including rapid policy reversals, resilient labor market and consumer spending, better-than-feared corporate earnings, central bank support, and a global market rally. By midsummer, it was evident that the feared collapse had been averted, and the market had effectively climbed a wall of worry.

THE WAY I SEE IT

My take for the rest of the year is Cautious Optimism.

With the first half's trials behind us, the focus shifts to what lies ahead. Encouragingly, the same developments that rescued the market in Q2 have laid the groundwork for a potentially stronger-than-expected finish to 2025. Many fundamentals are improving as we enter the second half of the year, and the "market smoke" of a looming recession has largely dissipated. Investors are increasingly hopeful that 2025 could end on a positive note, much brighter than anyone imagined during the spring scare.

One reason for optimism is the momentum of the current rally. Historically, when the market rebounds rapidly from a near-bear-market drawdown, it often continues to advance. The S&P 500's recent performance suggests that the worst may truly be over. The April rout did not break the bull market's back; instead, it strengthened the market's base. Now, with stocks at record highs again, the uptrend has resumed. Technical analysts point to improving market breadth as a sign that this rally has legs, with gains driven by a wide swath of industries.

Another key pillar of the positive outlook is the shift in policy winds. The most punitive trade measures seem unlikely to materialize in full force. By July, negotiations with major trade partners are actively in progress, and the consensus on Wall Street is that tariffs will end up lower than initially threatened. Additionally, the U.S. administration has turned some attention to stimulative fiscal policy, with a large infrastructure and tax package passed in early July. This signals more government spending and investment, which could support growth and corporate profits going into 2026.





The Federal Reserve's stance is also cause for optimism. Futures markets are pricing in a high probability that the Fed will cut interest rates before year-end. Lower borrowing costs would be a boon for both stocks and the broader economy, supporting housing, business investment, and consumer spending. This prospective monetary tailwind, combined with the absence of recession, suggests that the second half could see re-accelerating growth rather than contraction.

Wall Street's expectations for the stock market have indeed turned more optimistic. Numerous investment banks have raised their year-end targets for the S&P 500. Sentiment has recovered to the point where the default outlook is for the market to grind higher. Corporate earnings are now expected to resume growth in 2026 after a flat 2025, reinforcing the idea that this year is a soft patch, not a turning point into recession.

Of course, risks have not vanished entirely. Skeptics point out that the market's quick rebound could breed complacency. Issues like unresolved trade agreements, potential inflation flare-ups, or geopolitical surprises could still rock the boat. Nonetheless, few expect the kind of severe downturn that was feared back in April. The baseline outlook has improved significantly.

In summary, the 2025 market so far has been a testament to resilience. What began as a boom, then busted into a scare, has now boomed again. The theme of "market smoke" captures it well: there was lots of smoke, but ultimately no fire in the form of an actual recession or bear market. With trade tensions abating, economic data holding up, and supportive policy on the horizon, the stage is set for a better-than-expected second half of the year. Cautious optimism is returning that the market can continue to climb, albeit at a more measured pace. If current trends persist, 2025 could very well end on a high note, rewarding those who kept faith through the volatility. The balance of risks and opportunities leans to the positive side, and investors can look ahead through clearer skies, hopeful that the only smoke they'll see in the months to come will be the fading memory of a crisis averted.











I grew up in in the financial services world. It's a language I've understood since childhood. I sat in on my first insurance presentation when I was about 7 or 8 years old. My Dad had taken me to work one Saturday afternoon, and the building seemed empty. While Dad typed away at his computer (probably a commodore 64 or something like that), I was allowed to wander the halls. I came across one of the insurance agents giving a young couple a presentation on a big screen (must have been an overhead projector or something like that). I remember sitting in the back row of chairs. Other than a quick glance, they paid little attention to me as I sat there and pretended to know exactly what they were doing. That was my earliest memory of the financial services. Many financial planners and financial advisors start in their twenties, thirties, and forties. In my case, I learned to play t-ball around the same time I learned what life insurance was.

Having grown up in this world, I've forgotten that many people, are easily confused by the language we use. Terms like "book value" and "market value" can be confusing. They sound like they might mean the same thing but they're also different. If you've ever thought, "what does all this mean?" don't worry, you're not alone. Investment statements can seem confusing at first, but once you understand the basics, they become a simple tool for tracking investment progress.

Quarterly and Annual Statements

Most fund companies send out quarterly statements – that's four times a year (March, June, September and December). These statements give you regular updates on how your individual holdings with a particular fund company are doing. The time frame for these statements is short (3 months), so you're likely to see more volatility in the value of your investments. For a fuller picture, you would want to refer to your Carte statements which will include all your investments in one document. Carte sends out three quarterly statements and one annual statement to replace the fourth quarter statement. An annual statement summarizes the entire year's activity including such things as: total contributions, withdrawals (if any), earnings or losses, fees and charges.

Book Value, Net Invested and Market Value

I field more questions about book value then any other part of an investment statement. Book value is not the value of your investments; it sounds like it could be, but it is not. Book value is used for tax purposes. Think of book value as containing all the money in your portfolio that has already been taxed. Alternatively, your Current Market Value (CMV) is the entirety of your investment portfolio. Current Market Value is how much money you have in your investment portfolio. It is the amount of money you can withdraw if you so wanted.

Book value includes your real investments plus any reinvested distributions. Your "Net Invested" only includes what you've personally invested; it does not include distributions. This is why we use Book Value when calculating capital gains.

Since book value is money that has already been taxed, it cannot be included as a capital gain. Therefore, if you were to redeem money from your investment, the CRA would need to subtract the book value from what you have redeemed. For example, suppose you have a current market value of \$10,000 and a book value of \$6,000. If you were to redeem your \$10,000, the capital gain would be \$4,000 and it would be calculated as follows:





BEHAVIORAL FINANCE BY KPW

Current Market Value - Book Value = Capital Gain

\$10,000 - \$6,000 = \$4,000

On occasion, your book value may be larger than your market value. When this happens, it could be used as an opportunity to trigger a capital loss. A capital loss is valuable because it can be used to offset capital gains. For example, if your Book Value was \$10,000 and your Current Market Value was \$6,000, you could trigger capital loss of \$4,000, calculated as follows:

Current Market Value - Book Value = Capital Loss

\$6,000 - \$10,000 = -(\$4,000)

Since this can result in tax savings, what seems like a net loss is in fact a net gain! (Okay, back to the statements).

To sum up, your book value is used to calculate a capital gain, and your current market value is how much money you have in your investment portfolio as of the statement date. The net invested amount is how much you have personally invested minus how much you have taken out.

Investment Returns

Another question I am frequently asked is whether the percentage return shown on the investment statement includes new money that is contributed into the investment. For example, if you put money into your investments monthly, does this impact the return percentage? Would it make your return percentage go up if you put in more money? The answer is no. Only growth is included in the return percentage.

When looking at your return percentage, it is crucial that you also look at the time period of the statement. A quarterly statement will only show you the return percentage over a 3-month period. Therefore, seeing a negative return on a quarterly statement should not be cause for alarm; in fact, it could be a somewhat frequent thing to see a negative quarterly return. Annual statements will also have occasions when returns are negative over a one-year period. For example, 2022 was a negative year and your annual statement would have shown this. However, Carte annual statements also show 3-year, 5-year, 10-year and Inception rates of return. These would bet a better indicator of how a portfolio is doing. As a financial planning rule of thumb, I would suggest that your 5-year or 10-year return should be compared to the return assumptions in your financial plan. Anything shorter would be misleading from a planning perspective.





BEHAVIORAL FINANCE BY KPW









As a lifestyle financial planner, one of my roles is to help clients view their wealth not just in terms of growth, but in terms of protection, flexibility, and legacy. One powerful tool that has steadily earned its place in this conversation is Participating Whole Life Insurance (PAR insurance); not just as insurance, but as a distinct and highly strategic asset class. Traditionally, life insurance was seen purely as a safeguard against premature death, while asset classes like equities, bonds, and real estate were reserved for portfolio growth. However, a growing number of high-net-worth individuals are embracing a dual-purpose mindset: blending protection with growth. Over the past few decades there is no doubt that life insurance, especially PAR, has evolved into a versatile financial planning tool.

There are several factors that make PAR Insurance a unique asset class, so let's dig into a few of them. PAR policies invest in a diverse range of assets: bonds, equities, real estate, private placements, and more, much like a professionally managed balanced portfolio. By allocating premiums to the insurer's well-diversified PAR account, clients benefit from institutional-grade asset management. Unlike market-driven investments that fluctuate daily, the Dividend Scale Interest Rate (DSIR) of PAR policies changes gradually, providing reliable, smooth returns. It has been common over the past few decades to achieve high single digit average returns with low volatility, beating GICs and Government bonds on a risk-adjusted basis. Despite being long-term in nature, PAR policies offer access to cash value through loans or as collateral for financing. After a decade, most of the policy's cash value is often accessible, offering flexibility without disrupting long-term compounding. Growth within a PAR policy is tax-sheltered, and death benefits pass tax-free to beneficiaries. Compared to a taxable fixed-income portfolio (after tax), the internal rate of return (IRR) for a PAR policy can exceed double those returns by life expectancy (up to age 100).

Let's consider a practical example that illustrates the unique strengths of participating whole life insurance (PAR). Imagine a healthy 50-year-old male with a strong income stream or a well-established investment portfolio, who chooses to contribute \$100,000 annually for 15 years into a PAR policy. This could be funded either from personal income or by reallocating a portion of conservative, fixed-income assets. Rather than viewing this solely as an insurance purchase, the client is approaching it as a strategic, long-term investment decision. With the policy structured to accept additional deposits beyond the base premium, this approach unlocks the full asset-building potential of PAR. Over time, the cash value grows within a professionally managed and diversified portfolio. The policyholder benefits from tax-sheltered growth, a robust and tax-free death benefit, and access to liquidity through collateral loans or policy advances.

When we compare this to a traditional fixed-income portfolio, especially ones earning a modest after-tax return, the advantages of the PAR policy become clear. First, there are higher, tax-free death benefits that increase over time and outperform traditional conservative investments. Next, we have superior liquidity, with access to as much as 90% of the policy's cash value, without disrupting compounding or triggering taxable events. And finally, there's a greater after-tax wealth transfer, especially when held corporately, where the death benefit flows through the Capital Dividend Account (CDA) to shareholders tax-free.





For business owners, holding PAR insurance inside a private corporation unlocks additional value. Upon the insured's death, most of the death benefit flows tax-free to shareholders through the Capital Dividend Account (CDA), often resulting in a significantly higher net amount to heirs than traditional corporate-held fixed income.

The CDA is essentially a bridge that allows you to transfer tax-exempt insurance proceeds from your corporation to your family. When life insurance is used strategically, especially by incorporated professionals and business owners, the CDA turns this tool into a sophisticated estate and tax planning asset, far exceeding what fixed-income investments can deliver.

One of the most compelling tax advantages of corporately owned participating whole life insurance is how it interacts with the Capital Dividend Account (CDA), a unique, non-taxable account within a Canadian private corporation. Here's how it works: when a corporation owns a life insurance policy and is the named beneficiary, the death benefit (which is typically paid out tax-free) creates a credit to the CDA. Specifically, the CDA is credited with the death benefit amount minus the policy's adjusted cost basis (ACB) at the time of death. This is significant because: the CDA balance can be paid out to shareholders as a tax-free capital dividend. Further, this allows business owners to extract corporate dollars personally without paying additional tax, a powerful strategy for preserving wealth across generations.

In a traditional investment scenario, fixed-income returns held in a corporation are taxed twice: once at the corporate level and again when distributed to shareholders. In contrast, corporately owned PAR insurance grows tax-sheltered, and upon death, the death benefit flows through the Capital Dividend Account (CDA), allowing the corporation to distribute funds tax-free to heirs and significantly increasing the family's net benefit.

This is not just insurance: it's a powerful, long-term planning tool that integrates investment, estate, and tax strategies under one umbrella, but is not suitable for everyone. It requires underwriting, is best suited for long-term planning, and is not ideal for those who may surrender early. Health status affects eligibility and pricing, and while dividends have historically been strong, they are not guaranteed. Conservative projections should always be reviewed.

Ultimately, the decision to integrate PAR insurance into your portfolio should align with your broader goals: whether that's preserving wealth, enhancing estate liquidity, or optimizing corporate tax efficiency. When used thoughtfully and under the right circumstances, this asset class can be a game-changing element in your financial roadman.

In a world where financial security is no longer just about accumulation but also about resilience, efficiency, and legacy, participating whole life insurance offers a rare combination of these virtues in a single, concise solution.

For affluent individuals and business owners who think beyond the next quarter and plan for generations, PAR insurance provides access to institutional-grade diversification, low-volatility returns, tax-advantaged growth, and a dependable legacy tool. It challenges traditional thinking, inviting us to view life insurance not as a cost, but as an investment in stability, control, and purpose. As financial planners, our responsibility is not only to protect wealth but to elevate how it works for you, your family, and your vision of a life well-lived.





IMAGINE YOUR FUTURE

"It's easy to lie with statistics. It's hard to tell the truth without statistics."
-Andrejs Dunkels





DECODING THE DATA

Part 1: Understanding Performance Through The Mean

There's an interesting social paradox I've noticed over the years. On the one hand, few things will clear a room faster than a deep dive into statistical analysis. On the other, most of us rely on statistics in nearly every part of our daily lives, whether we realize it or not. We estimate how long it will take to get to the cottage. We know roughly what a weekly grocery bill will cost. We can predict how long the lineup will be at the theatre or how crowded the restaurant will be on a Saturday night. These back-of-the-napkin stats, unprecise as they may be, help us set expectations, make decisions, plan for the future, and navigate uncertainty. And while we may not think of these habits as statistical, that's exactly what they are; they reflect an instinctive use of prior experience to model the future. And that's ultimately what statistics provide, a way to describe the past and model possible futures.

And more often than not, certainty isn't the goal. We don't demand precision when planning a drive or setting a dinner budget. What we're really after is a reasonable approximation, something that lets us prepare for what is most likely to occur, knowing that outcomes will vary in unexpected and unpredictable ways. So, while our rough internal estimates are precisely that, rough estimates, they're often accurate enough to guide decision-making in our day-to-day lives. That same basic logic, using historical outcomes to guide future decisions, is precisely what we lean on in financial analysis. And while the variables at play may be less intuitive and the stakes considerably higher, the foundation remains the same.

Over the coming months, I'll be writing a series that explores some of the most widely used financial metrics for understanding portfolio performance and risk. Collectively, these metrics form the basis of what is termed Modern Portfolio Theory (MPT), and the goal of the series is to make those numbers more useful: to understand what they capture, when they add value, and when their limitations matter.

This month, we'll start with the most fundamental value in statistics, financial or otherwise: the mean, or average. It's the number that gets quoted in reports, used in projections, compared across strategies, and forms the basis of most discussions around portfolio performance. But it's also one of the most consistently misunderstood.





IMAGINE YOUR FUTURE

Take the average return, one of the most familiar metrics in financial analysis. Investors often assume that it represents the most common return, or the typical experience in any given year. It doesn't. In fact, it's often a number you'll never actually see. It's a mathematical construct: the total return spread evenly across the number of periods. Or, in other words, it's the return you would have earned each year if performance had been perfectly consistent, which (spoiler alert!), it almost never is.

So while the average is useful in terms of understanding patterns and trends across time, it can also be misleading when used in isolation. Consider a portfolio that gains 12% in the first year, 3% in the second, and 5% in the third. The average return over that period is about 6.7% per year. That figure is mathematically accurate, but it doesn't match any of the actual returns observed. Instead, it flattens the path into a tidy, hypothetical number that never actually occurred. This isn't to say that returns in any given year can never match the average, but statistically speaking, it is uncommon.

Another thing that the average is not, is predictive. Average returns are often (inappropriately) used to model long-term portfolio outcomes. But the moment we repurpose that average into a forward-looking guide, we invite subtle distortions. A portfolio that earned an average 7% over the past decade may or may not do the same going forward. We have other predictive statistics available to address that question (and we'll cover some of those later in this series), but it's not what the mean was designed to tell us. The mean is backward-looking. It summarizes and describes past outcomes, but on its own says nothing about their order, variability, psychological impact, or future probabilities.

That's where the real disconnect happens. A portfolio that returns 7% like clockwork feels very different than one that bounces between +30% and -16%. The average return over a given period may be identical, but the lived experience is not. We know this intuitively in other areas of life. If your average commute is 45 minutes, that doesn't mean every day will take 45 minutes. It might be 35 one day, 75 the next. The average gives you a rough sense of expectations, but it's no guarantee of what you'll encounter on any particular day, serving as more of a summary than a forecast. In the context of investing, that distinction is critical. When we anchor expectations too tightly to average returns, we risk building plans that underrepresent risk and overestimate consistency by failing to consider the journey over the destination. That's when surprise creeps in, drawdowns (which we will cover later in this series) feel worse than expected, and plans are more likely to be abandoned. Which is why we should always consider the average in the context of its variability.

In everyday life, we adjust for variability all the time. We plan an alternate route to the cottage on long weekends. We increase grocery budgets when guests come over. We leave for the theatre a bit earlier when we know there's a new release. We have learned to expect things that may cause deviations from the normal experience (and thus in the average value itself), and we plan accordingly.

In investing, we have a formal name for that variability: volatility. While the mean tells us the destination, volatility tells us something about the road travelled. Is it smooth or rough? Is it steady or unpredictable? Are there seasonal hazards or unexpected construction delays? And most importantly, how willing are we to stay on course when the terrain changes?

If you haven't guessed it yet, this is where the risk portion of MPT analysis comes in, and where we'll turn our focus in next month's installment. Specifically, we'll explore how volatility is measured using standard deviation, what it tells us about the nature of investment returns, and how it reshapes our understanding of both risk and reward. Because understanding performance is only part of the equation. Just as important is understanding what it took to get there.

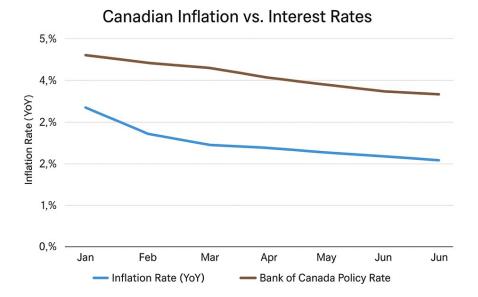






INFLATION COOLS, RATES FOLLOW WHAT IT MEANS FOR INVESTORS

- By Sergio Simone



If you've been watching the economy this year, you've probably noticed a shift — not just in headlines, but in the numbers that matter. Our Chart of the Month tracks two key indicators: Canada's inflation rate and the Bank of Canada's policy interest rate. And the story they tell is one of quiet but meaningful progress.

Inflation Is Cooling — Finally

Back in January, inflation was still a concern. The Consumer Price Index (CPI) sat at 2.6% year-over-year, just above the Bank of Canada's target range. But by March, it had dropped to 1.7%, and it's hovered there ever since — a sign that the aggressive rate hikes of 2023 and 2024 are finally doing their job.

This cooling inflation is good news for consumers, businesses, and investors alike. It means the cost of living is stabilizing, and the central bank has room to ease off the brakes.

Interest Rates Are Coming Down

The Bank of Canada responded to the inflation trend by gradually lowering its policy rate — from 4.75% in January to 4.00% by June. That's a meaningful shift, especially for borrowers and investors in interest-sensitive sectors like real estate, infrastructure, and dividend-paying equities.

Lower rates also signal a more supportive environment for growth. While the bank remains cautious, it's clear that the worst of the tightening cycle is behind us.

What This Means for Portfolios

For investors, this chart offers more than just economic trivia — it's a roadmap for positioning. As inflation cools and rates decline, we expect:

♦ Improved performance in rate-sensitive assets like REITs, utilities, and long-duration bonds.







- Renewed interest in growth sectors, especially tech and innovation, which tend to benefit from lower borrowing costs.
- ♦ A more stable backdrop for alternative investments, including private credit and real estate, which thrive in low-volatility environments.

Bottom Line

The first half of 2025 was filled with uncertainty — recession fears, market corrections, and a lot of smoke. But this chart shows that beneath the noise, the fundamentals are improving. Inflation is under control, rates are easing, and the path forward looks more constructive than many expected.

At KPW, we're watching these trends closely and adjusting portfolios to take advantage of the opportunities they present. If you'd like to talk about how this environment affects your strategy, let's connect.



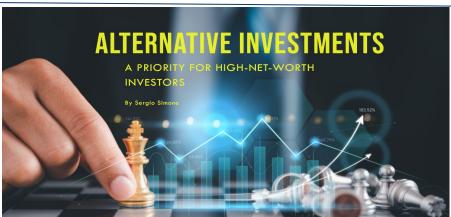


PRIVATE WEALTH:
SOLUTIONS FOR HIGH-NET-WORTH
INVESTORS





CREATING A LEGACY OF FINANCIAL AFFLUENCE



I recently enjoyed the company of a good friend who also happens to be a client. It was a beautiful summer day sitting in his yard preparing to share a wonderful meal. He is a very wealthy individual and as often happens, our conversation turned to my business. He asked, "what are wealthy people investing in these days?" The question took me by surprise but I did my best to respond to his query. I felt I gave him an adequate response, but it got me thinking. Sure, I had a general idea, as HNW investors are the types of investors I specialize in, but I wanted to make sure my knowledge was current so, here I am writing this article for the KPW Newsletter.

In today's economic environment, high-net-worth (HNW) investors have more opportunities than ever to strengthen their portfolios beyond the traditional mix of stocks and bonds. With today's volatile markets, alternative investments—assets outside the public stock, bond, or cash categories—are gaining prominence as essential tools for preserving and growing wealth. From private equity deals to real estate holdings and commodities, these alternatives offer unique advantages in diversification, return potential, and risk management. In fact, ultra-wealthy individuals (net worth \$30 million+) allocate roughly 50% of their assets to alternatives, compared to just 5% for the average investor. This article explores why alternative investments should be a priority for HNW investors, debunks common misconceptions, and reviews key categories like private equity, real estate, hedge funds, and commodities.

Key Benefits of Alternative Investments

Alternative assets can play a vital role in a high net worth portfolio, complementing traditional investments to enhance stability and growth. Below are some of the core benefits these investments provide:

- ◆ Diversification: Alternatives like real estate, commodities, and private equity often move independently of stocks and bonds. That means when markets dip, these assets can hold steady or even rise helping smooth out volatility and reduce overall portfolio risk.
- ♦ Potential for Higher Returns: Many alternatives target growth beyond what public markets offer. Private equity and venture capital, for example, invest in early-stage or private companies with strong upside. Hedge funds use specialized strategies to seek outperformance. While returns aren't guaranteed, the potential is significant when managed well.
- ♦ A Buffer Against Market Turbulence: Alternatives can act as shock absorbers during market swings. Certain hedge fund strategies like global macro or managed futures have historically delivered gains when equities fell. Their low correlation to traditional markets makes them valuable during uncertain times
- ♦ Built-in Inflation Protection: Real assets such as real estate, infrastructure, and commodities tend to rise with inflation. Gold, oil, and farmland often perform well when prices climb, helping preserve purchasing power. Real estate also benefits from rising rents and property values, making it a natural inflation hedge.





- Access & Tax Advantages: Alternatives offer access to exclusive opportunities private deals, boutique funds, and niche markets not available to everyday investors. They also come with tax perks: Flowthrough investing, opportunity zone funds and private placements, may provide tax breaks that enhance after-tax returns.
- What Advisors are Saying: In a recent survey, 50% of wealth advisors cited diversification and growth potential as their top reasons for adding alternatives. Expanding the investable universe helps portfolios become more resilient and better positioned for long-term success.

Examples of Alternative Investment Options

HNW Individuals have a broad menu of alternative assets to choose from. Below are some of the key categories of alternative investments—each with distinct characteristics and roles in a portfolio.

Real Estate: This is one of the most popular alternative assets for affluent investors, encompassing commercial properties, residential rentals, land, and more. Real estate offers tangible value and multiple income streams: investors can earn steady rental income and benefit from property value appreciation over time. Importantly, real estate tends to be less volatile than equities—property prices don't fluctuate as wildly as stocks, and rents provide consistent cash flow even in choppy markets. Whether through direct ownership, partnerships, or REIT funds, real estate can play a vital role in preserving wealth, generating passive income, and diversifying portfolio risk.

Hedge Funds: These investments use advanced strategies—such as long/short positions, derivatives, arbitrage, and leverage—with the goal of delivering positive returns in all markets. They are typically only open to accredited/high-net-worth investors and institutions. By trading opportunistically and hedging risks, these funds provide low-correlation returns that can reduce overall volatility in a high-networth portfolio. However, hedge funds do come with higher fees and complexity, so manager selection and due diligence are key. When used appropriately, hedge funds can enhance diversification and protect wealth during market stress.

Commodities: Physical assets like gold, oil, minerals, and agricultural products— are classic alternative investments that offer protection against inflation and currency fluctuations. Because commodities derive value from real economic demand, they tend to have a very low or even negative correlation to the markets. Moreover, raw materials and energy are essential to the global economy, so owning a stake in them can benefit from long-term economic growth and infrastructure development. HNW investors can access commodities through direct purchases, commodity futures, or commodity-focused funds. Historically, a small allocation to commodities has improved portfolio resilience, especially during market downturns or inflationary spikes when commodity prices surge as stocks falter. This makes commodities a valuable component for wealth preservation.

Beyond these three strategies described above, there are many other alternative assets. Private equity, private credit (direct lending investments), infrastructure, collectibles like art and fine wine, and digital assets are also part of the alternative investment spectrum. Each has its own risk-return profile. The common thread is that these assets lie outside public markets, offering new avenues for growth and diversification.

Addressing Common Misconceptions

Despite their many advantages, alternative investments are often misunderstood. One common myth is that they're only for billionaires or institutions. While that may have been true in the past, today's landscape is much more inclusive. Thanks to regulatory changes and new investment structures like interval funds and registered alternatives, qualified investors — especially high-net-worth individuals — have easier access than ever. If you meet accredited investor criteria, alternatives are well within reach and already a staple in many affluent portfolios.

Another misconception is that alternatives are too risky, illiquid, or complex to bother with. In reality, risk varies widely across asset types — some, like core real estate or private credit, are actually more stable than public equities. Illiquidity is often manageable, with many funds offering periodic redemption windows or liquidity planning options. And while some strategies are complex, professional guidance and modern fund structures have made alternatives more transparent and accessible. With the right advice and due diligence, these investments can enhance diversification, reduce volatility, and unlock unique opportunities — without being overwhelming or out of reach.





Conclusion

In an investment landscape marked by uncertainty—from unpredictable equity markets to inflationary pressures—alternative investments have emerged as indispensable tools for HNW investors. They offer diversification beyond the limitations of a 60/40 stock-bond portfolio, unlock new return streams, and provide buffers against volatility and inflation that traditional assets alone may not afford. Of course, alternatives are not without considerations: they require careful selection, a long-term outlook, and awareness of liquidity and fees. Yet, as the ultra-wealthy have demonstrated with significant allocations to alts, the potential benefits to portfolio performance and wealth preservation are considerable.

For HNW investors looking to sustain and grow their wealth, it is increasingly clear that alternative investments should be a priority, not an afterthought. By integrating assets like private equity, real estate, hedge funds, and commodities into a well-balanced strategy, investors can enhance their risk-adjusted returns and secure greater financial resilience. In collaboration with qualified advisors and thorough research, adding a prudent mix of alternatives can help ensure long-term prosperity—protecting wealth through market cycles while capitalizing on opportunities beyond the conventional markets.





BEHAVIORAL FINANCE BY KPW





The "3 Comma Club" — billionaires whose net worth carries three commas — isn't populated by paper-pushing employees. It's filled with founders, CEOs and visionaries who grabbed equity, took risks and turned ideas into global powerhouses. For C -suite executives, the lesson is clear: true wealth flows from creation and leadership, not just a paycheck.

The Creator Mindset vs. The Employee Mindset

Most high-paid roles cap out at a salary or bonus. But when you own part of the company, every dollar of growth multiplies in your favor. Billionaires like Elon Musk, Reed Hastings and Sara Blakely aren't the richest people in the world because they collected paycheques — they built Tesla, Netflix and Spanx, captured massive equity stakes, and rode their companies' success all the way to the top.

Key difference:

Employee: Trades time for compensation

Founder/CEO: Trades vision and ownership for outsized upside

Case Studies in Billion-Dollar Leadership

Elon Musk (Tesla, SpaceX) Musk started both companies from scratch. His stake in Tesla alone was worth over \$100 billion at its peak — wealth generated not by salary but by share appreciation.

Reed Hastings (Netflix) Co-founder and long-time CEO, Hastings guided Netflix from DVD mail-order to streaming juggernaut. His roughly 3 percent equity translated to a net worth north of \$5 billion.

Sara Blakely (Spanx) She mortgaged her own savings to launch a shapewear brand. As 100 percent owner, Blakely turned a \$5,000 investment into more than \$1 billion in personal net worth.

Michael Dell (Dell Technologies) Starting in his college dorm, Dell grew a PC company that made him one of the youngest self-made billionaires. Today his family office still holds significant shares — proof that early ownership pays for decades.





BEHAVIORAL FINANCE BY KPW

Embracing Enormous Risk: The Hidden Cost of Building Billions

None of the 3-Comma Club stories are risk-free success tales—they're rife with moments when founders bet everything on an idea. Elon Musk funneled his Pay-Pal proceeds into Tesla and SpaceX, even taking out personal loans and risking bankruptcy when both companies teetered on collapse. Sara Blakely mortgaged her car and emptied her savings to launch Spanx—if her first production run had flopped, she would have lost her entire nest egg. Reed Hastings wrote the initial Netflix code from his living room, weathering years of subscriber plateaus and cash crunches before streaming took off. Each founder accepted the possibility of total loss—personal assets, reputation, and peace of mind—in pursuit of an idea they believed would change the world.

Equity Is the C-Suite Currency

For executives, equity compensation isn't an afterthought — it's the ticket to the 3 Comma Club. Stock options, restricted shares and founder grants can turn leadership roles into generational-wealth engines:

- Aim to negotiate meaningful equity packages.
- Understand vesting schedules and tax implications.
- Seek roles where you can secure founder or early-stage stakes.

Lessons for Aspiring Billionaires

- Think like a founder: Identify problems worth solving. Whether inside a corporation or in your own startup, focus on unique value creation.
- Own a piece of the pie: Pursue equity, not just salary. Even small stakes in high-growth companies can translate to huge paydays.
- Build and lead teams: Billionaires aren't solo acts. Master the art of recruiting, motivating and retaining top talent.
- ♦ Embrace risk and learn fast: Failure is part of the journey. Use setbacks as fuel to iterate and improve.

That willingness to face steep odds is a defining trait of C-suite creators. Statistically, fewer than 10% of startups survive long enough to repay investors; bankruptcy and pivots are far more common than haloed exits. Founders endure sleepless nights, endless fundraising rounds, and the constant threat of competition or regulatory headwinds. Yet for those who navigate these gauntlets, the payoff isn't just financial—it's the freedom to steer industries, set their own vision, and compound wealth on a scale no salaried role can match. At KPW, we respect that high-reward mindset—but we also guide clients on calibrating risk, ensuring their own entrepreneurial aspirations or private-market investments fit within a prudent, diversified strategy.





BANK REPS UNDER PRESSURE TO SELL: OSC AND CIRO

Research "showed a statiscally significant association" between sales pressure and recommendations not in client interests

By: James Langton



iStockphoto

Following a review of sales practices at the Big Five banks' fund dealers, regulators are calling on the banks to review their approach to reps' compensation, performance metrics and the pressure that reps face to meet sales targets.

The Ontario Securities Commission (OSC) and the Canadian Investment Regulatory Organization (CIRO) published a report detailing the results of a voluntary, anonymous survey of almost 2,900 reps at the fund dealers affiliated with the Big Five banks — BMO, CIBC, RBC, Scotiabank and TD Bank — which found that many reps report that they feel pressure to sell, which can result in product and service recommendations that aren't in clients' interests.

In particular, regulators found that the use of scorecards to track reps' sales and other activities are tools that, "not only increase pressure to meet sales targets, but also influence the products recommended to clients, posing a risk to the interests of retail investors."

That conclusion was seized on by investor advocates, who have long criticized industry sales practices.

"This report confirms what we've been saying for years: sales pressure and conflicted pay structures are still deeply embedded in Canada's financial system," said JP Bureaud, executive director of the investor advocacy group, the Canadian Foundation for the Advancement of Investor Rights (FAIR Canada), in a statement.

"There's a growing gap between what the rules are meant to do and what's actually happening on the ground. Regulatory intent is being lost in translation — and investors are paying the price," Bureaud said.

Indeed, these kinds of worries are not new to regulators. Ever since mutual funds emerged as the dominant retail investment product in the mid 1990s, regulators have been grappling with concerns about industry sales practices and potential harm to investors.

More recently, these concerns have focused on the bank-owned dealers, as the banks have taken a greater share of the retail fund business, and started limiting their branch-based reps to selling proprietary products in the wake of client-focused reforms adopted at the end of 2021.

In 2022, the federal Financial Consumer Agency of Canada documented its concerns about the sales culture at the big banks after an extensive mystery shopping exercise found that, "a sharp focus on sales was turning bank branches into 'stores,' increasing the risk of banks placing sales ahead of customers' interests."





While that report looked at a range of banking products (including bank accounts and credit cards), the joint OSC/CIRO review focused on investments. Rather than posing as consumers, the securities regulators sought insight directly from industry reps themselves.

"The approach we took on this work is innovative for a regulator," said Sonny Randhawa, executive vice-president of regulatory operations at the OSC. "It shows how the OSC's horizon scanning and regulatory functions work together to spot, understand and respond to potential issues."

Among other things, the regulators' survey found that 40% of reps said that they believe that performance-tracking tools, such as scorecards, have influenced product and service recommendations to clients; a third of reps say that clients have sometimes received incorrect information about those recommendations; and that 25% said that clients have sometimes received recommendations that aren't in their interests.

"The OSC and CIRO believe the sales environment, compensation, incentivization and performance tracking may be contributing factors to these results," the regulators noted.

Indeed, the report said that the data "showed a statistically significant association" between reps reporting that they face sales pressure, and reps reporting that clients have received recommendations that are not in their interests.

The survey also found that 32% of reps reported that their compensation was driven more by sales volumes than by the quality of their advice to clients. Reps said that meeting sales targets was the primary way to increase their compensation, compared with factors such as client satisfaction or referrals.

"You can't fix the system without fixing the internal culture and incentives. Too often, internal sales targets still matter more than the quality of advice," Bureaud noted.

In the wake of their research, the regulators are calling on the bank-owned dealers to take a look at their businesses, and their approach to the provision of sales and advice in bank branches.

FAIR Canada echoed the regulators' call.

"Canadians want advice that puts their interests first — not products packaged as advice. The real test now is whether the big institutions are ready to walk the talk," Bureaud said. "Changing the culture isn't just about compliance — it's about setting the tone at the top."

The regulators will be following up too — with their attention focused on dealers' scorecards.

According to the report, they plan to meet with bank executives and collect more data from the dealers on the issues raised by their survey of reps.

"This next phase will enable us to obtain an understanding of the sales practices in place and how they may impact the behaviour of mutual fund dealing representatives, as well as any potential impacts to investors. We also want to understand the controls the dealers have in place to address any material conflicts of interest arising from the sales practices, including the compensation, incentives and performance metrics and experiences of sales pressure," the report said.

After that, the regulators will decide whether further action is required.

"Our work on sales practices with CIRO and the banks is continuing as we now look to understand the drivers of the concerns we identified and find solutions," Randhawa said.

Industry trade group, the Canadian Bankers Association (CBA), said that the banks will be reviewing the survey's results — and, in the meantime, it stressed that they are committed to serving clients' needs.

"Building and maintaining strong customer relationships is a key focus for banks in Canada," the CBA said, in a statement. "Our members are committed to providing needs-based advice that helps clients reach their financial goals. Banks and their employees prioritize consumer and investor protection measures and strive to put customer interests at the centre of all product and service recommendations."

Additionally, the group said that the banks value collaboration with regulators, which they see as, "fundamental to a robust, stable, and innovative financial sector that serves the interests of Canadian consumers, investors and the broader economy."







What Today's Investors Are Really

Thinking—and Why Advisors Matter

More Than Ever

After a couple of years of blockbuster returns and a stock market that seemed to do no wrong, it's no surprise that almost half of investors (48%) told Natixis they thought investing had started to look... easy. But 2025 has brought a different vibe. Confidence is cracking. Optimism is fading. And many investors are wondering if the good times are already behind them.

The 2025 Natixis Global Survey of Individual Investors1, which polled more than 7,000 investors across 21 countries, paints a clear picture: we've entered the "Age of Diminished Expectations." People still want to build wealth, but the emotional roller coaster of the past 25 years—dotcom bust, financial crisis, pandemic, inflation—has left them exhausted, uncertain, and in serious need of reassurance.

Reality Check: Confidence Is in Short Supply

Let's start with the elephant in the room: inflation. It's still the number one thing keeping investors up at night, topping the list as both their biggest investment worry (50%) and financial fear (51%). While central banks have made progress, only 41% of investors globally—and just 26% in the U.S.—believe inflation is "finally in the rearview mirror." As Natixis puts it, "even as inflation nears central bank targets, few think it's truly under control.'

And it's not just prices. Anxiety runs deep across the board: 43% are bracing for an economic collapse, 41% are scared of a market crash, and 34% are worried about taxes. Add it all up, and you've got a world where nearly a quarter (23%) say they don't know what to do anymore—and 21% are already getting out while they can.

Natixis doesn't sugarcoat it: "The reality is that investors know their backs are against the wall in 2025."

The Expectation Gap: Wanting More While Taking Less Risk

Despite the chaos, most investors still want big returns. On average, they expect 10.7% above inflation over the long haul. That's actually down from the sky-high 12.8% in 2023—but it's still 22% higher than what financial professionals think is realistic (8.3%). In the U.S., that gap is even wider: investors there are aiming for 12.6%, while advisors suggest a more grounded 7.1%.

Here's the kicker: 83% of investors also describe themselves as either conservative or moderate risk-takers. That contradiction is front and center. They want strong returns, but only 53% say they're comfortable taking risks to get them. And while 62% say volatility is a chance to grow wealth, 25% still list volatility itself as their top definition of risk. In Natixis' words: "Pursuing double-digit returns can require significant allocations to equities... Despite what they may say, most are not comfortable with volatility."





Bonds, Private Markets, and Index Myths—Investors Are Confused

Bonds are a head-scratcher. Even though 62% say they understand how interest rates affect bond prices, only 3% answered a simple two-part quiz correctly. (Spoiler: bond values rise when rates drop, but new bonds issued later pay lower income.) Despite the confusion, 41% plan to invest more in bonds this year, while 60% say it's just more fun to buy stocks.

Meanwhile, private assets are catching attention. 44% say the more they learn about them, the more they want in—and 40% are already invested. But confusion reigns. Half think private investments are priced daily (they're not), and just 50% know about their long holding periods. In the U.S., where regulations limit access, 54% of investors with as little as \$100K–\$300K believe they qualify—though they don't.

Natixis puts it plainly: "Investors are confused about who is eligible to invest."

Crypto Curiosity, Al Hype, and a Whole Lot of Skepticism

Bitcoin's 2024 run past \$100,000 got attention. Still, only 32% of investors own crypto, and just 36% say they'll buy more or start this year. Al? A mixed bag. Most (70%) think it will change how business gets done, but just 42% see it as "the biggest investment opportunity in a lifetime." And more than half (51%) think it's a bubble waiting to burst.

That said, the rise of AI is nudging behavior. Nearly half (46%) say it's making them more likely to use robo-advice. Still, trust is human: "Investors are more likely to say they trust their financial advisor (91%) than even themselves (88%)," Natixis reports. Social media? Just 17%.

The Advisor's Role Is Evolving—and Expanding

In a complex, high-stakes environment, what investors want most is someone in their corner. Not just someone to manage their money—but someone who understands their goals, listens, explains, and helps them make sense of it all.

Sixty-four percent of those with an advisor say they value the personal relationship above all else. Financial planning (47%) and retirement income strategies (46%) top their service wish list. In the U.S., where tax worries are spiking, demand for tax-efficient strategies has surged to 47%, up from 32% two years ago.

They don't necessarily want to hand over full control—only 10% are fully hands-off—but they do want to collaborate. As Natixis notes, "More than six in ten investors globally say they want to be regularly involved in their investment decisions."

And advisors are delivering. In Latin America and Europe, over 60% of investors say their advisor is recommending private market strategies. In the U.S., interest in direct indexing is skyrocketing, with assets projected to more than double—from \$615 billion in 2023 to \$1.5 trillion by the end of 2025.

Final Word: Coaching Through the Fog

The message from this year's survey is clear: investors are anxious, expectations are cooling, and the path forward feels murky. But they're not giving up. They want guidance. They want clarity. And they want someone to help them stay grounded.

Or, as Natixis puts it, "The all-important first step in guiding investors in this unfamiliar scenario is to recognize the factors that raise the alarm on investment concerns and trigger their financial fears."

In other words, this is a coach's market. And financial advisors—those who listen, teach, and guide—may be more essential than ever.







Fidelity Global Innovators® Class

Investing in positive change



Breaking the Mold

Fidelity Global Innovators® Class and the Vision of Mark Schmehl

At **KPW Financial**, we rarely spotlight individual funds or managers. Our philosophy leans toward **broad**, **diversified strategies** tailored to long-term goals. But every so often, a fund emerges that not only **defies convention** — **it defines it**. One such fund is the **Fidelity Global Innovators**® **Class**, managed by the unapologetically contrarian **Mark Schmehl**.

A Fund That Dares to Think Differently

Launched in **November 2017**, Fidelity Global Innovators® Class seeks **long-term capital appreciation** by investing in companies that are reshaping industries — from artificial intelligence to energy transformation.

Performance Highlights

2021: +92.83%

2023: +46.69%

2024: +60.55%

Top-ranked in the Morningstar global equity category, consistently landing in the first quartile.

This is more than a growth fund — it's a **strategic expression of global innovation momentum**.

The Maverick Behind the Momentum

Mark Schmehl, CFA

With over **30** years of industry experience, Schmehl brings a momentum-driven, contrarian lens to every position he takes. His background spans **SEI Investments**, Fidelity's **Boston office**, and academic training at **Wilfrid Laurier** and **Columbia University**.

Investment Philosophy "I operate in two areas of the market that I call *'tails'*... It's not crowded and it leaves out the 80% of the market that's in the middle of the road." — *Mark Schmehl*

He favors companies undergoing **rapid transformation or sharp pivots**. Examples include:

Al infrastructure giants — Nvidia, Vertiv

Nuclear resurgence plays — Cameco

Unconventional tech bets — Shopify, MercadoLibre

Schmehl's success lies in identifying **trends before they go mainstream**, and building portfolios around positive change catalysts.

Why It Matters to KPW Clients

While **KPW Financial** traditionally avoids showcasing individual products, Fidelity Global Innovators® Class stands out as an **exceptional example** of strategic, forward-looking investing.

It may suit investors who:

Have a medium- to long-term horizon

Are comfortable with market volatility

Seek global exposure to disruptive innovation





This fund doesn't just respond to change — it **anticipates it**, offering access to businesses leading the next wave of global transformation.

Performance with Perspective

Tracking the Momentum Behind a Top-Ranked Innovation Fund

From market booms to macro resets, the Fidelity Global Innovators® Class fund has navigated dramatic shifts — delivering powerful returns during peak innovation cycles. This chart highlights the fund's recent journey through growth, volatility, and visionary management.

Year	Fund Return (%)	Market Context
2021	+92.83%	Al and tech boom
2022	-30.44%	Global equity correction
2023	+45.05%	Recovery and growth rebound
2024	+58.73%	Strong innovation cycle
2025 YTD	+3.58%	Volatility amid macro shifts

Notes:

The fund has delivered exceptional returns in high-growth years, but also experienced sharp drawdowns during market corrections.

Its performance is closely tied to disruptive innovation sectors, especially tech and Al.

Morningstar ranks it in the top quartile among global equity funds

Final Thought

In a landscape where innovation is the new currency, Fidelity Global Innovators® Class — and Mark Schmehl's visionary stewardship — offer a compelling case for inclusion. While not a core recommendation, it's a fund that deserves attention for those seeking to complement their portfolios with high-conviction, high-impact ideas.

In an investing landscape often cluttered with imitation, **Fidelity Global Innovators® Class** stands apart — not simply for its performance, but for the clarity of purpose behind it. **Mark Schmehl's maverick approach** doesn't just chase trends; it anticipates seismic shifts. At KPW, we've made a point of not centering our strategies around individual fund stories — but occasionally, one demands a closer look.

If you're ready to explore how forward-thinking innovation can complement your portfolio strategy, let's talk. Reach out to your KPW advisor or schedule a discovery call to see if this opportunity fits into your long-term investment narrative.

Innovation is the story — make sure you're in the next chapter.





LIFESTYLE PLANNING BY KPW

CURATED INSIGHTS: MUST-READ ARTICLES

FINANCIAL MARKETS IN 2025: SETTING THE STAGE FOR MORE VOLATILITY

CAN YOU RETIRE ON A CRUISE SHIP? HERE'S HOW MUCH IT COSTS TO LIVE AT SEA.

CANADA'S INFLATION RATE HEATS UP IN JUNE

CANADA'S AAA RATINGS ARE LIKELY SAFE, FOR NOW

WHEN A MARRIAGE ENDS, ADVISORS STEP UP

BoC TO PAUSE AMID U.S. TRADE HYSTERIA: CIBC

BITCOIN HITS NEW ALL-TIME HIGH, BRIEFLY TOPPING \$118,000

U.S. CONSUMER PRICE INDEX CREEPS HIGHER IN JUNE

REDUCING POVERTY MEANS LOOKING AT ALL ITS COMPLEXITIES

SHOULD CLIENTS ADD KIDS TO THEIR HOME TITLE?





INSIGHTS FROM THE INVESTMENT FLOOR Mutual Fund Managers' Perspectives

DON'T FIGHT THE MOMENTUM—BMO HOUSE VIEWS

WHY THE S&P COULD REACH 10,000

SIGNS SUGGEST WE'RE 'ON THE CUSP' OF CANADIAN GROWTH

<u>CALDWELL INVESTMENT MANAGEMENT COMMENTARY ON THE 'ONE BIG BEAUTIFUL BILL ACT (OBBBA)</u>

GLOBAL CROSSWINDS, LOCAL SHAKEUPS: WHAT ALLIANCE BERNSTEIN SEES AHEAD FOR 2025

ARE SMALL CAPS NEXT IN LINE TO SHINE

HOUSING MARKET IS SENDING A STARK WARNING TO THE U.S. ECONO-MY, MOODY'S ECONOMIST SAYS

ENERGY MARKETS IN TENSE GEOPOLITICAL TIMES

RELATIVE RETURNS OR ABSOLUTE. WHAT'S MORE IMPORTANT?





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