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KPW FINANCIAL

KPW Financial Trusted like a friend, guided by expertise. At KPW, we bring credentials, innovation, and heart to holistic planning — always here when you need us, always thinking ahead.

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The Way I See It

By Sergio Simone



KPW Drawdown Discipline ©

Turning volatility into opportunity - one disciplined drawdown at a time

Most investors instinctively fear volatility. When markets fall, the natural reaction is to step back, protect capital, and wait until things “feel safer.” Unfortunately, that often means missing the recovery and compounding effect that follows.

At KPW Financial, we believe volatility doesn't have to be the enemy. In fact, with the right process, it can become an ally. That's the core philosophy behind our KPW Drawdown Discipline©: a rules-based approach that invests more when markets are down, not less.

The Concept

The strategy is simple, but powerful:

- Begin with a core investment.
- Each time the fund experiences a 10% decline from its peak, invest an additional 10% of the current portfolio value.
- Continue to reinvest all distributions.

This disciplined process flips human nature on its head — buying precisely when markets are most uncomfortable.

Why Dynamic Power American Growth Fund?

We applied the Drawdown Discipline© to the Dynamic Power American Growth Fund, a vehicle with both exceptional long-term management and significant volatility.

- The fund's standard deviation is 26.31, more than double the index's 12.86.
- This is exactly the kind of environment where a disciplined approach to volatility pays off: the sharper the swings, the greater the opportunity to accumulate units at attractive prices.

10-Year Simulation: 2015–2025

We tested the KPW Drawdown Discipline© over the past 10 years, starting with a \$100,000 investment in September 2015 and reinvesting all distributions.

Scenario	Total Contributions	Final Units	Final Value	Ann RoR
\$100k No Strategy	\$100,000	~15,058	\$412,280	15.2%
KPW Drawdown Discipline©	~\$167,000	~22,046	\$603,619	17.2%

Key Insights

- Reinvested distributions nearly doubled unit count over 10 years (from ~7,184 to ~15,058).
- Applying the Drawdown Discipline© added ~\$67K in contributions — but produced an extra \$191K in final value.
- The annualized return jumped from 15.2% to 17.2%, showing that disciplined investing into volatility pays.

The Way I See It

Putting It Into Practice

At KPW Financial, we have built a monitoring process for clients who want to apply the Drawdown Discipline©.

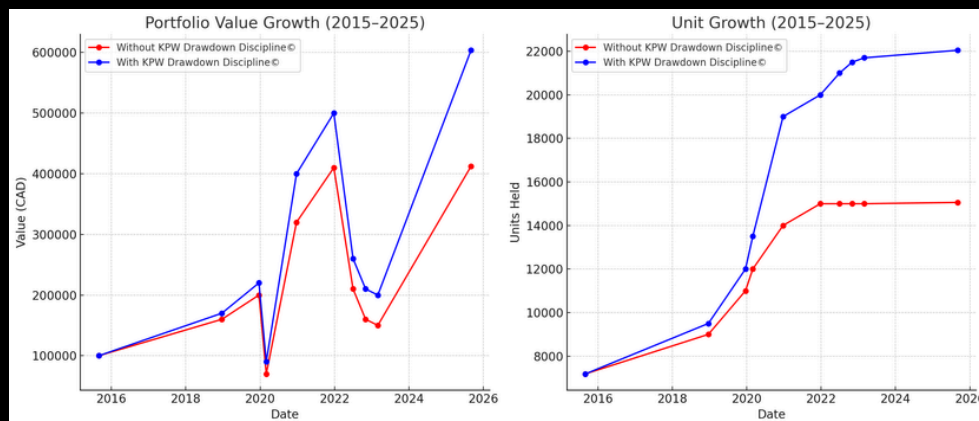
- We help select the right investment based on each client's profile.
- We monitor drawdowns and execute the strategy — either by deploying new money or by switching from another fund within the portfolio.

It is important to note that this is not a stand-alone strategy. It is meant to be one component of a well-diversified plan. A highly volatile fund like this should never make up an entire portfolio, but as a 5–10% allocation, it can add disciplined growth potential while complementing more stable holdings.

The Takeaway

Volatility is inevitable — but it doesn't have to be destructive. With the **KPW Drawdown Discipline©**, volatility becomes the raw material of opportunity. By committing to invest systematically during drawdowns, investors harness market turbulence rather than flee from it.

At KPW, we believe that **“Turning volatility into opportunity — one disciplined drawdown at a time”** is more than a tagline. It's a practical, proven mindset for long-term wealth building.



Portfolio Value Growth (2015–2025) → shows the dramatic outperformance of the disciplined strategy versus the baseline \$100K investment.

Unit Growth (2015–2025) → illustrates how reinvested distributions and disciplined drawdown contributions steadily increased ownership, fueling compounding.



Lifestyle Planning Solutions

by Ryan Simone, CFP, CLU, CHS

A hand holding a coin, with a tactical diagram background featuring 'X' marks, circles, and arrows. The text 'Well Known and Not-So-Well Known Planning Tactics' is overlaid in red.

Well Known and Not-So-Well Known Planning Tactics

The following are “quick snippets” of planning strategies we’ve used with our clients. Each strategy varies in complexity, so before using these strategies, it is important to speak with a professional to make sure they’re right for you.

The Reduce Probate Tactic:

If you own real estate with no mortgage, and you also owe money such as a line of credit or car loan, consider having the debt converted to a line of credit or mortgage that is secured against the real estate. Debt secured against real estate reduces the Net Value of an estate. In other words, it could reduce the amount of probate owed by an estate in the event of a death.

The Child as a Contingent Insurance Policy Owner Tactic:

Many grandparents purchase insurance policies for their grandchildren to save for the future while also guaranteeing their grandchild’s future insurability. Adding the grandchild’s parent as a contingent owner of the policy means that the policy can pass from grandparent to parent without triggering taxation.

The Creditor Protection Investment Tactic

If creditor protection is a concern, investing money in segregated funds can protect your assets. Segregated funds are a type of investment fund that provide a guaranteed payout at the time of death. This feature classifies segregated funds as a type of insurance which means they have the same level of creditor protection as insurance policies.

The Emergency Fund Planning Tactic

To make sure you can survive an unexpected life event such as a disability or job loss it is crucial to have at least 3 months income saved. This money should be liquid and easily accessible. This money should not be invested in locked-in instruments like a non-redeemable GIC. Tax Free Savings Accounts can be a good source for easily accessible money with no tax consequences when accessing the money.

The Lower Income Spouse Investment Saving Tactic

Married couples can create a form of income splitting and minimize taxes if one spouse earns more than the other. The higher-income spouse should pay as many of the family expenses as possible (including the tax bill for the lower-income spouse). The lower-income spouse should try to save as much of their income as possible. This is because the lower-income spouse can invest their savings and any income earned on those savings would be taxed in the hands of the lower-income spouse.

The Life Insurance Estate Equalizer Tactic

Some assets like a cottage or business are not easily divided after death and this can cause family disputes. This can be prevented if an estate has enough liquidity to make sure each child receives an equal portion. For example, with enough liquidity, one child can receive the property or business using their portion of the estate, while the other children can take equivalent amounts in cash. Life insurance can add liquidity to an estate so that it is large enough to ensure this happens.

The Down-market Capital Loss Tactic

Nobody likes a poor performing stock market, but instead of grumbling and worrying, why not use that opportunity to trigger capital losses that can be used to offset capital gains? Switching out of a mutual fund with a capital loss and into a different mutual fund will allow you to trigger the capital loss while also staying invested. If there are any investments that are sitting on an unrealized capital gain, you can then sell that investment and apply your loss. Furthermore, if you purchase a new investment with the money from the sold investment, you will have essentially reset your adjusted cost base back to zero.



Wealth & Wisdom

By Kristina De Souza, CFP, CFDS, RNS



Staying in the Family Home

Financial and Lifestyle
Considerations for Seniors

For many seniors, the family home is more than just a property. It is a place filled with memories, milestones, and a deep sense of comfort. The idea of leaving it behind can be emotionally difficult, which is why so many people express a strong desire to age in place. While this decision offers emotional benefits and stability, it also comes with important financial and lifestyle considerations that should be carefully reviewed.

Remaining in the family home often feels like the easiest and most natural choice. Familiar surroundings provide comfort, and staying close to neighbours and community can offer a sense of belonging. However, as individuals age, the home itself may no longer meet their needs in the same way it once did. Accessibility, safety, and ongoing maintenance become increasingly important factors to consider. Renovations such as installing ramps, stair lifts, or accessible bathrooms can make aging in place more practical, but they can also represent a significant financial investment.

The financial side of staying in the home extends beyond modifications. Property taxes, utility costs, and regular upkeep all continue regardless of age. For seniors on fixed incomes, these expenses can become more challenging to manage. Planning ahead to understand cash flow, explore options for deferring property taxes, or setting aside funds for maintenance can help alleviate stress and allow seniors to remain in their homes longer.

Health care is another important consideration. As needs evolve, it may become necessary to bring care into the home. While in-home support allows seniors to maintain independence, it can be costly over time. Reviewing insurance coverage, government benefits, and private care options early on ensures that families are prepared for future expenses.

There are also lifestyle factors to weigh. Staying in the family home may provide comfort, but it can sometimes lead to isolation if mobility or driving becomes an issue. Seniors who wish to remain at home often benefit from planning ahead for social connection, whether through community programs, family involvement, or support services.

Maintaining a balance between independence and connection is key to long term well being. Ultimately, the decision to stay in the family home is deeply personal. The emotional attachment is undeniable, but it should be balanced with a clear understanding of the financial and practical realities. With thoughtful planning, it is possible to create a strategy that allows seniors to remain in the place they love while protecting their financial security and lifestyle.

As lifestyle financial planners, we work with clients to explore the full picture, emotional, financial, and practical, so they can make informed decisions that align with their values. Making the choice to stay in the family home is deeply personal, but it does not have to come at the expense of security or comfort.

With careful planning and a clear understanding of both financial and lifestyle factors, seniors can remain in the homes they love while maintaining independence, peace of mind, and quality of life. Thoughtful strategies for cash flow, maintenance, and in home support ensure that aging in place is not just a possibility, but a sustainable and fulfilling option. Collaborating with an experienced team can help families develop a plan that safeguards their future while allowing them to remain in the home they value most.



Beyond Headlines

Real Market Intelligence

By Dr. Jonathan Simone PhD

Decoding the Data

Making Sense of Investment Metrics

Part 3: Portfolio Volatility

“Risk comes from not knowing what you’re doing.” – Warren Buffett

Beyond Standard Deviation

Last month, we explored standard deviation as a measure of volatility—the tool most often used to capture the ups and downs that define every investor’s journey. Standard deviation is a popular metric in the investment world because it compresses returns into a single, easy-to-read number, making comparisons across time and between investments more straightforward. Yet this simplification comes at a cost: standard deviation treats all variability equally, whether it’s to the upside or downside. For most investors, these are not the same. So, while gains increase volatility, they are rarely a source of concern, whereas losses often carry greater weight. Given the greater perceived impact of a drawdown, negative returns (even if infrequent) tend to drive decision-making more than upside swings.

To account for this, many analysts will also report on downside deviation—a measure that focuses specifically on the risk of losses and thus can provide a clearer picture of the downside risks of a given security. Importantly, downside deviation doesn't only measure the potential for setbacks; it also helps identify when markets have moved into periods of stress. Viewed this way, it can be a starting point for thinking about how those same drawdowns, if approached with discipline, may become opportunities to strengthen a long-term position.

Managing Volatility

Given the discomfort losses create, it's natural to ask: why tolerate volatility at all? If steady gains are preferable, why invest in assets whose prices move unpredictably? The answer lies in the trade-off between risk and reward. Safer assets such as government bonds provide stability but offer lower expected returns. Equities and other risk assets fluctuate more in price, and as a result, investors are compensated for that additional uncertainty with higher long-term returns. The so-called "equity risk premium" — the higher return stocks have historically produced compared with bonds — is essentially the market's way of compensating investors for the added uncertainty that comes with greater volatility. The same logic applies to portfolio construction: allocations with more risk exposure carry higher downside potential but also the prospect of greater long-term gains.

Recognizing this trade-off explains why investors tolerate volatility as part of the investing landscape. Thus, the question becomes not whether volatility will occur, but how to deal with it when it does—since it cannot be avoided, the challenge is finding ways to manage it effectively. One approach which we've already alluded to is through security selection. Choosing a lower-risk pool of assets, such as government bonds or defensive equities, reduces the size and frequency of drawdowns, thus limiting volatility, with the trade-off being lower relative upside potential.

Another way to manage volatility is through structured contributions, better known as dollar-cost averaging. This approach involves investing a fixed amount on a regular schedule, regardless of short-term market conditions. For funds with steadier, upward-sloping growth, routine purchases keep the average cost below the current market level, ensuring that the position grows at a lower effective entry price over time.

Volatility as Opportunity

With higher-volatility, growth-oriented funds, the dynamics change. Because prices swing more dramatically, scheduled contributions are spread across a much wider range of entry points. That increases the likelihood of buying at elevated levels, which dilutes the advantage of purchasing during market lows. In other words, the same volatility that creates more buying opportunities also raises the probability of making costly purchases. For this reason, dollar-cost averaging tends to be more effective with steadier, lower-volatility investments, while more volatile funds call for a different approach.

More targeted approaches can address this limitation by directing new investment specifically into down periods. Instead of making pre-scheduled purchases that ignore market conditions, as in dollar-cost averaging, a strategy that adds capital only during periods following downturns, known as drawdowns, provides a disciplined way to turn short-term volatility into long-term advantage. This is the foundation of the KPW Drawdown Discipline®—a rules-based framework that turns volatility from a challenge into a systematic opportunity to build stronger investment positions. The case study presented in Sergio Simone's article at the top of this newsletter demonstrates this approach in action, showing the practical impact it can have on long-term results. ([link to article](#)).



Why Tariffs Won't Sink the Dollar:

A Counterintuitive Perspective

By Sergio Simone

I have read a lot of articles that have painted a dire picture for the U.S. dollar in the wake of sweeping tariffs—warning of surging import costs, cratering consumer purchasing power, and a slide in FX markets. Yet when you scratch beneath the headlines, the reality looks very different: manufacturers have largely absorbed tariff hit-and-run costs, rising household incomes have blunted any sticker shock, and declining energy prices have taken the edge off broader inflation. Factor in persistent safe-haven demand and the dollar's indispensable role as the world's reserve currency, and it becomes clear that tariffs alone won't sink the greenback.

Before diving into the data, it's important to acknowledge why tariffs grab so much attention: a higher import tax should, in theory, push up domestic prices, erode purchasing power, and ultimately weigh on the currency. Yet in practice we see very little of that chain reaction. Instead, a handful of powerful offsetting forces has emerged—and the first stop on this tour is how manufacturers have quietly absorbed much of the tariff burden, blunting any ripple through consumer prices and taking pressure off the dollar.

Manufacturers Absorb Tariff-Driven Cost Increases

When steel, aluminum or Chinese components face new duties, the immediate impulse is to assume those costs get passed straight to U.S. consumers—and that drives inflation, eroding the dollar. In practice, though, most manufacturers act as shock absorbers. The Federal Reserve's latest manufacturing survey found that nearly 70% of U.S. producers have shouldered at least half of recent tariff-related input-price hikes in order to protect their end-market share. By using leaner margins and more efficient supply chains, these firms muted any spike in consumer prices—and, in turn, removed a key trigger that would otherwise weaken the dollar on inflation fears.

Robust Income Growth Blunts Sticker Shock

Even if some tariffs do trickle through, rising household incomes blunt their impact. U.S. average hourly earnings climbed 4.2% year-over-year as of June 2025, the strongest gain since early 2022. Meanwhile, personal consumption expenditures grew 2.8% in Q2—driven by healthy wage gains in both services and durable goods. In effect, higher paychecks have expanded consumers' capacity to absorb modest price increases, keeping core inflation within the Fed's comfort zone and preserving the dollar's appeal in currency markets.

Declining Energy Costs Cushion Overall Prices

Energy makes up roughly 7% of the U.S. consumer-price basket, and it's been a wild ride since 2021. After peaking in mid-2022, the Producer Price Index for energy commodities has fallen about 10%, dragging headline inflation down. That decline offsets tariff-related cost pressures elsewhere—so even if clothing, electronics or building materials carry a small import-tax premium, overall inflation remains subdued. With energy costs cooling, traders have little reason to penalize the dollar over tariff headlines alone.

Safe-Haven Demand Reinforces the Greenback

Beyond trade mechanics, the dollar's value is fundamentally tied to its role as the world's chief reserve currency. In the first half of 2025, foreign investors—central banks and private institutions alike—purchased a net \$150 billion in U.S. Treasuries, according to TIC data. That steady capital inflow reflects ongoing geopolitical uncertainty and relative U.S. yields still attractive versus peers. As long as the dollar remains the go-to safe-haven, its path will be shaped more by global risk sentiment and interest-rate differentials than by incremental tariff tweaks.

In the end, tariffs may grab headlines, but they are just one small gear in the vast machinery driving the dollar's value. Manufacturers have quietly shouldered much of the import-tax burden, households enjoy rising incomes that absorb modest price bumps, and cooler energy costs have kept overall inflation in check. Meanwhile, persistent global demand for U.S. assets cements the dollar's role as the world's preferred safe-haven currency.

Tariffs alone lack the heft to overcome these reinforcing forces. As you assess the dollar's next moves, look beyond trade-war soundbites to the deeper currents of margin management, wage growth, energy trends, and capital flows. Those are the true architects of the greenback's strength—and they tell a far less dire story than the tariff alarmists would have you believe.



Securing Your Digital Asset Legacy

Protecting More Than Money: Safeguarding Sentimental Keepsakes

By Sergio Simone

I have read a lot about how traditional estate plans often overlook the growing trove of digital assets people accumulate—from social media profiles to cryptocurrency wallets. Yet without clear instructions, passwords and private keys can vanish, leaving heirs locked out of accounts that hold sentimental and financial value. This draft outlines why digital-asset planning matters and offers a step-by-step approach to ensure your online legacy passes smoothly to the people you trust.

What Are Digital Assets and Why They Matter

Digital assets include any online account or resource with personal, sentimental, or financial value. They range from email and social media profiles—such as Facebook, Instagram, and Twitter—to cloud storage services like Dropbox or Google Photos. They also encompass cryptocurrency wallets secured by private keys, non-fungible tokens that may appreciate over time, loyalty-rewards programs, online gaming accounts, domain names, website administrative panels, and even streaming-service subscriptions. In 2025, these holdings have become as integral to modern estates as real estate or investment portfolios. Ignoring them can create legal obstacles, inflict emotional distress on loved ones, and, in some cases, lead to permanent loss of wealth.

The Risks of Overlooking Digital Assets

Among the most severe risks is permanent loss of funds when cryptocurrency private keys go missing; without those keys, coins and tokens are irretrievable. At the same time, legal uncertainty can ensnare executors who, under varying provincial laws, may lack the right to access or close digital accounts without express authorization. Beyond financial implications, heirs may lose priceless family photos, home videos, and personal messages stored online if credentials are undocumented. Even overlooked loyalty points, gift cards, or unused rewards programs can represent hidden cash value—dollars that simply vanish when no one knows how to claim them.

A Narrative Approach to Securing Your Digital Legacy

The process begins with a thorough inventory of every account you hold online. By cataloguing each service's name, URL, username, and any password hints or recovery-email addresses, you create a single reference that ensures no valuable account is left off the map. Once you have this inventory, the next critical task is to secure the corresponding credentials in a safe, encrypted repository—whether that means a trusted password manager or an offline vault. In doing so, you safeguard passwords, PINs, private keys for cryptocurrency wallets, and two-factor-authentication recovery codes in one centralized, protected location.

Equally important is naming someone you trust to act as your digital executor. This person's responsibilities mirror those of a traditional executor but focus exclusively on online holdings: accessing and closing accounts, transferring digital property such as NFTs and crypto assets, and deciding whether to memorialize or delete social-media profiles. Specifying a digital executor in writing avoids confusion and legal delays when the time comes.

To formalize your wishes, attach a concise digital-asset addendum to your will or trust. This document directs your digital executor to the credential inventory, grants explicit authority to access, manage, and distribute your digital assets, and spells out instructions for social-media accounts—whether you prefer memorialization, deletion, or continued stewardship. Clear language in this addendum reduces ambiguity for both legal and technical handlers of your estate.

Finally, remember that technology evolves rapidly, so your plan must do the same. Each year, revisit your account inventory and credential list to add new services or remove deactivated ones. Confirm that your digital executor still has access and remains willing to serve. Update your addendum to reflect any changes in legal requirements or personal preferences. This annual review keeps your digital-asset legacy airtight and aligned with your broader estate plan.

Your digital footprint now stands alongside your home, investments, and personal possessions as a core component of your estate. By weaving together an inventory of accounts, secure credential storage, a designated digital executor, a formal addendum, and an annual review ritual, you protect the full spectrum of your online legacy. In the digital age, what happens to your virtual self matters just as much as what happens to real-world assets - and it deserves no less careful planning.

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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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