

MONTHLY NEWSLETTER

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TOPICS

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Market Watch

April saw markets show resilience and largely reflected trends from March, as uncertainty around interest rates and global events persisted. Stock markets edged modestly higher overall, with much of the strength again coming from a handful of large U.S. companies, particularly in technology. Earnings results were generally supportive and helped maintain investor confidence. Outside the U.S., performance was more mixed, with Europe holding steady and emerging markets experiencing some variability. Canadian markets lagged modestly, reflecting weaker commodity prices and softness in the energy sector.

Bond markets remained uneven, with interest rates staying relatively high and moving within a narrow range. Notably, expectations for rate cuts were pushed further out during the month, reinforcing the view that rates may remain higher for longer. This environment has continued to support income opportunities while limiting price gains in bonds. Credit markets were generally stable, suggesting investors are not showing significant concern about near-term economic risks.

Market Watch Cont.

In Canada, the economy is holding up, though signs of slowing are becoming more evident. The Bank of Canada remains cautious as inflation trends improve, while consumers and the housing market remain sensitive to higher borrowing costs.

Globally, trade and geopolitics remained in focus. Trade activity has been relatively steady, while supply chains continue to gradually shift toward more regional models. Overall, markets are holding up, but the backdrop remains uncertain, reinforcing the importance of staying disciplined and focused on long-term investment goals.

Courtney Beach, QAFP



Investing 101: Account Types

Investing is about working toward financial goals, whether that's retirement, purchasing a home, or funding education. The account you use can have a significant impact on how efficiently you reach those goals. Choosing the right combination of accounts is an important part of building a strong financial plan.

How to Choose the Right Account

Choosing the right account begins with identifying your goal.

Once your goal is clear, you can begin with accounts designed for that purpose. From there, additional accounts can be used to support your strategy. The goal is to build a plan that balances short-term needs with long-term goals and adapts to life changes.

Registered Accounts

In Canada, registered accounts are set up with the federal government and tied to specific goals, such as retirement, education, or home ownership. They provide tax advantages or access to government incentives, and each type of account has its own rules, contribution limits, and tax treatment. In most cases, it makes sense to start with registered accounts and take advantage of the benefits they provide.

Non-Registered Accounts

Non-registered accounts (also referred to as cash or open accounts) do not offer the same advantages as registered accounts. Contributions are not tax-deductible, and investment income, such as interest, dividends, and capital gains, is taxable. However, they often allow for certain expenses and management fees to be deducted. Their advantage is flexibility, as they can be adapted to any goal.

Most Common Account Types

Several types of investment accounts can be used within your plan:

- **RRSP (Registered Retirement Savings Plan):** Designed for retirement savings. Contributions are tax-deductible, and investments grow on a tax-deferred basis until withdrawn. However, withdrawals are taxed as income.
- **TFSA (Tax-Free Savings Account):** Allows for tax-free growth and tax-free withdrawals, making it a flexible option for a variety of goals.
- **FHSA (First Home Savings Account):** Helps first-time home buyers save in a tax-efficient way, combining features of both RRSPs and TFSAs.
- **RESP (Registered Education Savings Plan):** Designed to help save for education, with access to government grants.
- **RDSP (Registered Disability Savings Plan):** Supports long-term savings for individuals with disabilities, with government grants available.
- **Pensions:** Employer-sponsored retirement plans with features that vary by plan provider.
- **Non-registered account:** A flexible investment account with no contribution limits, but taxable investment income.

Why Account Type Matters

Most people benefit from using a combination of account types rather than relying on one. The right mix can build an efficient and flexible strategy and make your plan more adaptable to life's changes.

For example, when saving for retirement, an RRSP or pension is often a starting point due to their tax benefits. Since withdrawals from RRSPs are taxable, a TFSA can be used alongside them to provide tax-free income in retirement.

As your goals and circumstances evolve, your mix of accounts should evolve with you. Regularly reviewing your plan with your KLT Wealth Advisor and your Q Wealth Portfolio Manager keeps you on track.

To review your accounts, contact KLT Wealth Management.

~ Courtney Beach, QAFP



FINANCIAL TIP

Selecting the appropriate mix of accounts is a crucial element in developing a robust financial plan.

The KLT Team is here to assist you in crafting and overseeing your plan, as well as conducting regular reviews with you.



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BUILDING WEALTH ON THE GO

HAPPY MOTHER'S DAY



JOKE OF THE MONTH

What do you dial for an emergency during Cinco de Mayo?

Nine - Juan-Juan



RECIPE OF THE MONTH

Homemade Guacamole

INGREDIENTS

- 3 medium ripe avocados, peeled and cubed
- 1 garlic clove, minced
- 1/4 to 1/2 teaspoon salt
- 1 small onion, finely chopped
- 1 to 2 tablespoons lime juice
- 1 tablespoon minced fresh cilantro
- 2 medium tomatoes, seeded and chopped, optional
- 1/4 cup mayonnaise, optional

DIRECTIONS

Mash avocados with garlic and salt. Stir in remaining ingredients, adding tomatoes and mayonnaise if desired.

Enjoy!



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