MONTHLY NEWSLETTER

WWW.KLTWEALTH.CA

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KLT® WEALTH MANAGEMENT

TOPICS

Market Watch

Courtney Beach, QAFP

June highlighted how quickly markets can adjust to new information. While headlines created some short-term uncertainty, investors ultimately remained focused on company fundamentals and the longer-term economic outlook.

North American equity markets experienced mixed performance in June. Technology companies remained an important driver of market performance, with artificial intelligence continuing to shape investor sentiment. International markets also saw mixed results during June. Japan has been a bright spot through the first half of the year, reaching new market highs, while European markets experienced more modest performance. Canadian equities experienced periods of volatility, reaching several record highs during the month before giving back some of those gains by month-end.

Bond markets remained sensitive to changing expectations for interest rates. Central banks continued to balance progress on inflation with the need to support economic growth, leading investors to adjust their outlook for future rate decisions. In Canada, the Bank of Canada left its overnight rate unchanged at 2.25% as it continued to monitor both inflation and economic conditions.

As we move into the second half of the year, markets will continue to evolve as new information becomes available. While short-term uncertainty is inevitable, maintaining a disciplined investment approach is often more effective than reacting to day-to-day headlines.

Best Practices for Managing Debt

Debt often gets a bad reputation. However, when used responsibly, it can be a valuable financial tool. This month, we will look at some of the most common mistakes people make when borrowing, what makes debt productive, and how to balance repayments with saving for the future.

Biggest Mistakes

Let's start with the biggest mistakes people make when it comes to debt:

1. Taking on high-interest loans - The true cost of buying on credit is:

Purchase Price + Total Interest Paid = True Purchase Price

The higher the interest rate you agree to, the greater the actual cost of that item, so it's a crucial factor to consider when making purchases on credit.

2. Prioritizing the largest balance over the highest-interest debt - Interest is the cost of borrowing money; therefore, higher interest rates should generally be your top repayment priority. For instance, a $3,000 credit card at 22% interest costs you far more per month than a $15,000 line of credit at 6%.

3. Ignoring small purchases – Small purchases may not seem significant on their own, but they can quickly add up and make it more difficult to pay down debt.

4. Forgetting emergency savings - A common mistake is throwing every dollar at debt while having no financial cushion. Yes, paying off high-interest debt is important; however, having even a modest emergency fund can prevent you from relying on credit cards if unexpected expenses arise.

Productive vs. Unproductive Debt

Debt isn't inherently good or bad. It's a financial tool that, like any tool, needs to be used correctly. Most people use debt at some point in their lives: to go to school, purchase a vehicle, or buy a home. However, not all debt is used wisely. Productive debt typically has four key characteristics:

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1. Affordable – you can comfortably manage the payments within your cash flow

2. Reasonably priced – the interest rate is competitive relative to the current market

3. Fits within your financial plan

4. Helps build long-term wealth or increase your earning potential

If a debt doesn't help you move forward financially, think carefully before taking it on.

Key Takeaways

Managing debt doesn't have to be complicated. These key principles can help you borrow more confidently and stay on track toward your financial goals.

1. Know the interest rate on every debt you owe.

2. Always make at least the minimum payments to avoid penalties and protect your credit.

3. Direct extra payments toward your highest-interest debt whenever possible.

4. Maintain an emergency fund so unexpected expenses don't force you to rely on additional debt.

5. Review your debt repayment strategy regularly with your advisor to ensure it continues to align with your financial goals.

6. If you're managing multiple debts or paying high interest rates, it may be worth discussing whether debt consolidation could be appropriate for your situation.

To discuss how debt fits into your overall financial plan, contact KLT Wealth Management.

FINANCIAL TIP

Budget for Travel or Staycations

Plan your remaining summer trips carefully to avoid high-season price spikes.

Look for free local events or budget-friendly activities.

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BUILDING WEALTH ON THE GO

HAPPY CANADA DAY!

JOKE OF THE MONTH

CHEERS TO THE TRUE NORTH STRONG AND FREE

HAPPY CANADA DAY EVERYONE

RECIPE OF THE MONTH

Chicken Salad Recipe

INGREDIENTS

- ½ cup mayonnaise
- ¼ cup whole-milk plain strained (Greek-style) yogurt
- 2 teaspoons lemon juice
- 1 teaspoon Dijon mustard
- ¼ teaspoon paprika
- ¼ teaspoon garlic powder
- ¼ teaspoon salt
- ¼ teaspoon ground pepper
- ¼ cup finely chopped mixed fresh tender herbs (such as tarragon, dill and/or chives)
- 3 cups coarsely shredded cooked chicken breast
- ½ cup finely chopped celery
- ¼ cup chopped shallot

DIRECTIONS

1. Whisk together mayonnaise, yogurt, lemon juice, mustard, paprika, garlic powder, salt and pepper in a large bowl until smooth and well combined.
2. Stir in chopped herbs.
3. Add chicken, celery and shallot; stir until evenly coated.

This herbaceous chicken salad recipe is perfect sandwiched between two slices of bread, enjoyed with crackers, in a wrap or served on top of greens.

Enjoy!

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