



MAY 2024





Market Watch

April has come, and gone, bringing lots of showers and a cooling effect across broad markets. Major US stock market indexes are down about 4-6% since the beginning of the month. Canadian markets softened as well but not to the same degree. Many expect this weakness to continue through the spring and potentially into the summer, with a more positive outlook into the fall.

Lots of chatter came out of the Canadian federal budget proposal, with the investment world focusing on the capital gains inclusion rate increase. This change for now will impact businesses and high-net-worth individuals, but we could see that change in the years to come. One of the concerns arising from this change is the impact on investment, in particular foreign investment, in Canada. The fear is that this disincentivizes innovation and business development, in turn stagnating the economy's future growth. Time will tell how this all plays out.

-Brad Wilson

Investing 101: Guaranteed Investments

Nowadays there are numerous options to invest your money and achieve your financial goals. While some prefer the stock market for its high potential returns, others find it too nerve-racking, preferring the more predictable experience guaranteed investments provide. However, all investments, even low-risk ones, have pros and cons.

GICs (Guaranteed Investment Certificates) & GIAs (Guaranteed Interest Accounts)

GICs and GIAs are quite similar. Money is deposited for an agreed-upon term. In exchange, you are paid interest. The interest is generally paid annually, either directly to you or reinvested into the GIC/GIA to earn more interest.

The differences between the two are that GICs are purchased through a bank, credit union, broker, etc., whereas GIAs are purchased through an insurance company. GIAs also offer longer terms than the 1-5 years GICs give. And GIAs allow a beneficiary to be named.

GICs & GIAs are good options for conservative investors as they are considered low-risk investments - They miss out on the highs of the stock market but avoid the lows. There is however a risk that inflation creeps higher than the GIC/GIA rate locked in, resulting in a loss of purchasing power when they mature. Or that offered rates increase while you're locked in.

Segregated Funds

Segregated funds are mutual funds with an insurance wrapper. The insurance guarantees that your investment will not drop below a certain amount upon maturity or death. Most segregated fund contracts guarantee between 70 – 100% of your initial investment. Many also allow for resets, meaning you can reset the guarantee if the account value increases.

Segregated funds limit your losses from sharp market drops. The downside is the fees. Fees on segregated funds are higher than their mutual fund counterparts, largely due to the insurance feature. They also have far fewer options than mutual funds.

Annuities

Annuities are much like self-funded defined benefit pension plans. You place money into a contract and in return, you receive specific payments over a predetermined period. The more you invest, the longer or larger the payouts.

Annuities are great for people wanting a set payment schedule independent of the markets. Or individuals needing help with cashflow management.

The fine print is important in these contracts. Payments may reduce or stop upon the owner's death, affecting the surviving spouse. It also takes years to recoup your initial investment in payments – i.e., break even.

The Risks & Value

While investment risks traditionally come from volatility, the risks for guaranteed investment are generally higher fees and/or more modest growth. Additionally, the fine print involved in some of these products can be cumbersome to consume and understand.

Despite this, the real value of guaranteed investments is not their growth potential but the peace of mind they can provide. And for some, security is the top priority even if it comes at a cost.

For more information on guaranteed investments and your financial plan, contact KLT Wealth Management

- Courtney Beach

DATES TO REMEMBER

Star Wars Day - May 4th

In Star Wars ...

Why did Episodes 4, 5, and 6 come out before 1, 2, and 3?

Because in charge of directing, Yoda was



Mother's Day - May 12th

*A mother is she who can
take the place of all others,
but whose place no one else
can take.*



Victoria Day - May 20th

Queen Victoria was the queen when Canada became its own country in 1867, and she was the one who chose Ottawa as our capital. After she died in 1901, the Canadian government declared that May 24 would be a holiday in her honour.

Victoria Day is officially held on the Monday right before May 25.



Monthly Recipe

FRENCH TOAST

Make a special treat for Mother's Day

Ingredients:

1 teaspoon ground cinnamon
1/4 teaspoon ground nutmeg
2 tablespoons sugar
4 tablespoons butter
4 eggs
1/4 cup milk
1/2 teaspoon vanilla extract
8 slices challah, brioche, or white bread
1/2 cup maple syrup



Directions:

- In a small bowl, combine cinnamon, nutmeg, and sugar and set aside.
- In a 10-inch or 12-inch skillet, melt butter over medium heat.
- Whisk together cinnamon mixture, eggs, milk, and vanilla and pour into a shallow container such as a pie plate.
- Dip bread in egg mixture.
- Fry slices until golden brown, then flip to cook the other side.
- Serve with syrup.

ENJOY!

Is there a topic or question you want mentioned in a future newsletter?

**send us an email at
team@kltwealth.ca**





Copyright © 2024, All rights reserved.

Our mailing address is:
148 Peel Street Unit 1B, New Hamburg, ON N3A 1E3

Quintessence Wealth (Q Wealth) is a partnership that is registered as a portfolio manager, exempt market dealer and investment fund manager. The portfolio manager registration allows Q Wealth to provide investment advice to its clients. The exempt market dealer registration allows Q Wealth to engage in trading activity. These services are provided by Q Wealth through registered advising representatives and dealing representatives, respectively.

Q Wealth is a partnership that is owned by its partners, including KLT Wealth Management. As a client of Q Wealth, you may receive services from both Q Wealth and KLT Wealth Management. Note that individuals from KLT Wealth Management will only provide investment advice and trading advice if they are registered as advising representatives and dealing representatives of Q Wealth, and in providing such services, they will be doing so on behalf of Q Wealth only. KLT Wealth Management may however provide wealth management services such as financial planning, estate and retirement planning, insurance, group benefits and others.

Q Wealth Partners is a registered trade name of Quintessence Wealth, a registered Portfolio Manager in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island, Quebec, and Saskatchewan, an Investment Fund Manager in Newfoundland and Labrador, Ontario, and Quebec, and an Exempt Market Dealer in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Quebec, and Saskatchewan. The Ontario Securities Commission (OSC) is the principal regulator for Quintessence Wealth. Please visit www.qwealth.com for more information.

