MONTHLY NEWSLETTER

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KLT® WEALTH MANAGEMENT

QWEALTH PARTNERS



TOPICS

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Market Watch

October was a month of two halves: markets hit fresh records early on before a late sell-off in tech stocks erased much of that progress. The S&P 500 Index finished down about 1% and the tech-heavy Nasdaq Composite Index about 5%, its worst month since March 2025, as earnings from Amazon and Alphabet raised questions about Big Tech's AI spending. The Dow Jones Industrial Average held up better, adding about 1.5%. In Canada, the S&P/TSX Composite Index rose for most of the month before its worst day since June on October 30th wiped out about half of the month's gains.

Interest rates were also in the news. The Bank of Canada raised its key rate by 0.25% to 2.5% on October 28th, its first increase since 2023, warning that high energy prices could spread to other goods and services. The U.S. Federal Reserve held steady at 3.75%-4% the same day, though markets now expect a hike in December.

Market Watch Cont.

On trade, Canada-U.S. talks picked up late in the month, with a White House adviser saying on October 25th that a deal was "very close." The U.S. also removed some products, such as plywood and farm machinery, from its 50% tariff list while adding others. Nothing is final yet, but it's a welcome change from the standoff of the past two months.

U.S. crude oil (WTI) rose about 15% to roughly US$104 a barrel as U.S.-Iran tensions continued, while gold fell about 7%, weighing on Canadian gold miners. Overseas, European stocks gained about 2.5%, but Japan and China each fell more than 6%. It was a good example of why diversification matters. A well-balanced portfolio is built for months like this, when the strength in one area can help cushion a pullback in another.

Sources: Wall Street Journal Market Data Center via First Financial Trust (index and gold returns, September 30 to October 30, 2026, excluding dividends); Investing.com (WTI oil); Yahoo Finance; TMX Money; Bloomberg; Bank of Canada; U.S. Federal Reserve; CP24; Blakes.

Courtney Beach, QAFP



What You Really Pay to Invest (and What's Changing in 2027)

No one expects to invest for free. But it hasn't always been easy to see exactly what you're paying, or who you're paying it to.

That's changing. Starting in early 2027, your annual report will show the full cost of investing in dollars, including the costs built into your funds. This comes from new rules called **CRM3**, the third phase of the Client Relationship Model. These are the rules Canadian investment regulators use to decide what your statements must show.

What you see today

Since 2016, under CRM2, your annual report has shown the fees you pay QWealth directly, such as your advisory fee. Because the mutual funds Q Wealth selects for your portfolio are F-class, that fee isn't built into them. You already see it on your report.

What it hasn't shown is the costs inside your funds: management fees, operating expenses and trading costs. You may have seen these as percentages, like the MER, in a fund's Fund Facts. But because they're taken out before returns reach you, you've never seen them as a dollar figure on your report.

What's new on your report



Your next annual report will add:

- **Fund Expense Ratio (FER) for each fund**. The MER you may already know, which covers management fees and operating costs, plus the Trading Expense Ratio (TER), which covers trading costs. Together, they show the full annual cost of owning the fund as a percentage.

- **Fund expenses in dollars.** What each fund cost you over the year, based on how much you held and for how long.

- **Your total cost.** Your direct costs and fund expenses combined, so you can see the full picture in one number.

These changes apply to mutual funds, ETFs and segregated funds. Segregated fund costs also include the insurance guarantees, so they typically show a higher cost. Individual stocks and bonds don't have these costs, and a few products, such as structured products, aren't included.

The key message: these aren't new fees

Nothing about what you pay is changing. These costs have always existed, and your returns have always been shown after them.

The dollar amounts shown are close estimates. Because the report now includes more, expect a larger total than in past years. That reflects more complete reporting, not a price increase.

Why regulators made this change

The goal is transparency, so every investor understands the full cost of investing and can make informed decisions.

We welcome it. Understanding what you pay is part of understanding your plan, and we'd rather you see the whole picture than only part of it.

ON THE BLOG.cont.

A note from the Portfolio Manager

"Fees are part of every investment decision we make. When we look at a fund, we ask what it costs, what you get for that cost, and whether a similar product could do the same job for less. A low fee doesn't make a fund the right choice on its own, but paying more must be justified by something real, like stronger management, better diversification or access to markets that are hard to reach otherwise. We regularly review the funds in your portfolio against the alternatives, and when we find a better product at a better price, we act on it. The new reporting simply puts in dollars what we already weigh behind the scenes: making sure every dollar you pay is working for you."

~ Brad Wilson, CIM®

Portfolio Manager, Quintessence Wealth

Cost is only half the picture. In January, we'll look at the other half: the value you receive for what you pay.

If you have questions about your report or your fees, get in touch and we'll walk you through it.

Courtney Beach, QAFP



FINANCIAL TIP

Begin putting money aside for Christmas gifts and holiday activities, With more time to plan, you can spread out costs over November and December, making the holiday season less financially overwhelming.



LISTEN TO OUR PODCAST

BUILDING WEALTH ON THE GO



JOKE OF THE MONTH

Before you try to keep up with the Joneses, be sure they're not trying to keep up with you.



RECIPE OF THE MONTH

LEMON CHICKEN



INGREDIENTS

- 6 Chicken Cutlets
- 1/4 tsp each salt and pepper
- 1/4 cup All Purpose Flour
- 1 tsp lemon zest
- 2 tbsp Oil - (Canola or Vegtable)
- 2 tbsp Salted Butter, divided
- 1 cup Chicken Broth
- 2 tbsp fresh lemon juice
- 2 tbsp Capers in Vinegar, drained
- Chopped fresh parsley (optional)

DIRECTIONS:

1. Sprinkle chicken with salt and pepper. Combine flour and lemon zest; dredge cutlets in flour mixture to coat and shake off any excess.
2. Heat oil and half of the butter in large non-stick skillet over medium-high heat; cook cutlets in batches, turning once, for about 6 minutes or until golden. Remove to platter and keep warm.
3. Add broth to skillet and bring to a boil. Simmer, stirring occasionally, for about 3 minutes or until reduced by half. Stir in lemon juice and remaining butter until melted.
4. Return chicken to pan, add capers and turn to coat with sauce to heat through.
5. Sprinkle with parsley, if using.

Enjoy!

ENHANCING CLIENT EXPERIENCE AT KLT

We're enhancing the way we serve you. As part of our ongoing commitment to delivering personalized service, we have implemented Continuum, a Canadian based transcription tool used during client meetings to help us capture detailed, accurate notes. This allows us to stay present in our conversations, focusing more on your goals and priorities while ensuring nothing is missed in our follow-up. Continuum does not record or capture audio in any form and uses strong data security standards. You can ask us to pause or stop its use at any time — and we welcome any questions you have about how it works.

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