Investment Insights

A New Era of Acceleration

April's "Liberation Day" unleashed a wave of volatility—one that may signal the start of a new era, where rapidly shifting policies, political disruption and the accelerating velocity of digital information collide.

We are living in a time when information flows at unprecedented rates—and our decisions can follow suit. Whether it's swiping through news headlines or making online purchases, the ability to act instantly has become a defining feature of modern life. Investing is no exception.

Today, the average holding period for a stock has dropped to about five months, from nearly eight years in the 1950s.[1] With platforms offering real-time data and near-instant execution, it's easy to conflate access with insight. Worryingly, a recent study by NYU Stern School of Business found that the median individual investor spends just six minutes researching a stock before buying it online.[2]

In such an impulsive environment, it's not surprising that market reactions can be swift and exaggerated. April's Liberation Day announcement, which introduced sweeping new global tariffs, is a notable example. In the weeks that followed, equity markets saw large intraday swings, some of the most extreme since the early pandemic days. Volatility returned with force.

This volatility isn't just reflected in investor sentiment—it is also being witnessed in the U.S. administration's rapidly shifting policies. Tariffs, and the ever-changing rhetoric surrounding them, are fuelling economic uncertainty. Tariffs raise costs for importers, often passed along to consumers, which fuels inflationary pressure. They disrupt supply chains and slow trade, squeezing margins and weakening both business and consumer confidence. These dynamics can weigh on economic growth. Observers remain divided on the potential consequences. Some predict that economies face recessionary headwinds, while others believe that the evolving policy responses will help avert a significant slowdown. After all, these are self-imposed measures that continue to evolve.

What's more certain is that changes in U.S. trade policy have accelerated a broader move away from globalization toward a more "multipolar" world—one in which nations increasingly prioritize self-sufficiency and national security. This shift may also be undermining the U.S.'s long-standing role as the dominant superpower. During April's volatility, a sharp selloff in U.S. Treasurys raised concerns, particularly as China, which holds roughly one-sixth of foreign-owned U.S. Treasurys, has been increasing its gold reserves. At the same time, demand for the U.S. dollar, once the world's default safe haven, has remained muted, raising questions about declining confidence in U.S. leadership. To paraphrase one analyst: "*You can't antagonize and influence at the same time.*"

This is also a reminder that the tariff situation remains in flux and that its economic implications are likely to become more apparent in the months to come. Yet, as we've said before, markets have weathered countless disruptions—from oil shocks to financial crises to global pandemics. One of the most important lessons is not to confuse speed with urgency. Acting on emotion—especially during volatile times—can often do more harm than good (see page 3). In a world where headlines can move markets in minutes, resisting the impulse to react can be key. Above all, patience, perspective and participation remain essential to longer-term success.

1. https://www.visualcapitalist.com/the-decline-of-long-term-investing/; 2. https://www.wsj.com/finance/investing/buying-stocks-research-study-2a839a4a

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To My Clients:

Over the past two years, a rising tide made investing feel relatively easy. As such, the market events in April were understandably difficult for many. If you have friends or relatives who would benefit from my approach or could use new perspectives, I would be happy to provide support. I've navigated through these challenging periods before. However unprecedented they may seem in the moment, they're not unfamiliar. Through the Global Financial Crisis, the pandemic and other volatile times, a disciplined approach has consistently proven its value.

Thank you for your trust in my services—I don't take it for granted and work hard to be worthy of it. I hope that you'll take some time to enjoy these fleeting summer months.

Karen

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When Less Is More: Simplifying Finances

Simplifying your finances can have wide-ranging benefits.

Former *Wall Street Journal* columnist Jonathan Clements has long advised planning finances to last past age 90. But when, at 61, he was told he had a year to live, his focus shifted to preparing his family for a time when he'd no longer be there. A key task? Simplifying his finances. *"I thought (they) were simple. Yet, since my diagnosis, I've spent endless hours trying to simplify them further."* His conclusion? *"Death is hard work."*[1]

Indeed, when life becomes challenging, financial simplicity can make a difference. In brief, here are some ways less can mean more:

Consolidate Financial Accounts — Consolidating bank, investment and other financial accounts, where possible, can improve asset allocation and tax efficiency, reduce paperwork or prevent forgotten "orphan" accounts. It also eases administration for loved ones should something happen to you.

Reduce Your Digital Footprint — The average person holds around 100 digital accounts.[2] (They quickly add up when factoring in email, social media, financial, entertainment, retail and other services!) More accounts mean greater exposure to data breaches. Protect yourself by limiting the information scammers can access. Close unused or inactive accounts to limit the risk of identity theft or fraud.

Automate Savings & Investing — Fewer manual decisions can build better habits. Setting up automatic transfers can help you stay on track toward achieving long-term goals with minimal effort.

Cut Subscription Fat — Cancel unused streaming services, apps or memberships to free up cash flow.

Streamline Credit Cards — Fewer cards can reduce missed payments and fees, encourage more intentional spending habits or simplify management. Assigning specific cards to different purposes—such as online purchases or recurring bills—can make management easier and may minimize disruption in the event a card is cancelled due to fraud.

Minimize Debt Accounts — Consolidating loans or prioritizing high-interest debt may be financially prudent to lower interest costs.

Teach Younger Folks to Avoid Lifestyle Creep — Focusing on needs over wants can reduce overconsumption and financial stress. Fewer possessions also mean lower maintenance or upkeep—and greater financial freedom.

1. https://www.wsj.com/personal-finance/jonathan-clements-personal-finance-cancer-e30d1396; 2. https://www.cnn.com/2024/02/26/tech/digital-legacy-planning-personal-technology/index.html

Bridging the Housing Affordability Gap?

Over the past 40 years, Canada's home-price-to-income ratio has climbed from around 1.6 to 6.6, meaning the average home now costs 6.6 times the median annual family income.[1]

How severe is the housing affordability crisis? One economist says this is what is needed to restore affordability to historical averages:

- A 40 percent decline in national housing prices;
- A 66 percent rise in average family income; or
- Ten years of stagnating housing prices.[2]

How Have Home Prices Changed Over 40 Years?

"Back in my day, a house was affordable..."

In...	Average Price*	% Growth (vs. 1984)
1984...	$76,351	—
1992...	$149,864	96%
2000...	$164,374	115%
2008...	$304,663	299%
2016...	$442,264	479%
2024...	$710,468	831%

*Canada National Average Home Price, based on https://www.huffpost.com/archive/ca/entry/a-look-at-canadas-housing-performance-over-time_b_9266608; 2024 CREA April data.

The Bank of <<Insert Your Family Name Here>>

With homeownership increasingly out of reach for younger generations, many families are stepping in to help. In 2024, the average financial gift nationally was $115,000—ranging from $128,000 in Ontario to $204,000 in British Columbia—a whopping 73 percent increase since 2019![3]

While this can be a generous and meaningful gesture, it requires careful planning to avoid unintended tax, legal (including family law) or financial consequences. Support can take many forms, including gifting cash, lending funds or purchasing a property in your name—each with differing implications. In brief, here are three high-level considerations:

1. How does this impact my own finances? Many families draw from lifetime savings to provide support, so it's important to assess how this can affect retirement or long-term plans (estate, legacy gifting, etc.).

2. What if the recipient's relationship ends? If the recipient is in a relationship, a breakup could have implications under family law (such as division of a gift). Certain legal structures—such as ownership arrangements or cohabitation agreements—may help mitigate risks.

3. Are there tax implications? While Canada has no gift tax, keep in mind that certain arrangements could trigger taxable events. For instance, if you structure the arrangement to co-own a home with the recipient and it isn't your principal residence, capital gains could be triggered upon its sale/disposition. Even liquidating investments to gift funds can result in unexpected tax liabilities.

The Many Benefits

When approached thoughtfully, supporting a home purchase can offer wide-ranging benefits. Many family members find value in witnessing their wealth in action—helping loved ones when support is most needed, rather than waiting for an estate distribution. Early support may also help mitigate long-term financial stress for the recipient. Gifting during your lifetime may help simplify your estate by reducing its overall size, which can ease future administration and potentially reduce probate fees, depending on your province of residence.

As always, seek the advice of tax and family law professionals.

1. Median family income in 1984: $48,500; 2024: $107,663; 2. https://www.theglobeandmail.com/business/article-affordable-home-ownership-economist/; 3. https://financialpost.com/news/homebuyers-rely-bigger-gifts-from-parents

In Uncertain Times: The Value of Discipline

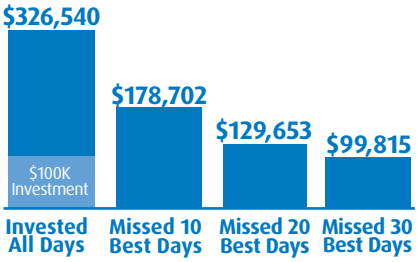
Here is how staying disciplined can help avoid costly missteps.

As we find ourselves in a new era of uncertainty, with an evolving trade war, economic headwinds and changing rhetoric emerging regularly from south of the border, it's worth a reminder: Your portfolio has been structured to provide solid risk-adjusted returns over the long term, with the expectation that markets will experience ups and downs along the way.

In times like these, discipline can play an important role in investing. It's the role of an investment advisor to remain impartial and objective, keeping focused on building portfolios based on research and fundamentals. Yet, periods of turbulence can often test investor resolve. The rapid market decline in April was no exception. It's natural to feel the urge to react in uncertain times; after all, we have been innately hardwired for survival to respond to perceived threats. However, in investing, this response can lead to costly missteps.

While it might feel like the right response to exit the markets when things get tough, doing so can come at a high opportunity cost. Market rebounds often occur swiftly and unexpectedly, and missing just a few of the best days can significantly impact long-term returns. History consistently shows that many of the strongest market days tend to follow the weakest. The chart (bottom, left) shows the impact of missing the best market days on the S&P 500 Index over 10 years ending December 2022. Ironically, sometimes inaction can be the best course of action.

Investment Impact of Missing Best Days, S&P 500, 2013 to 2022

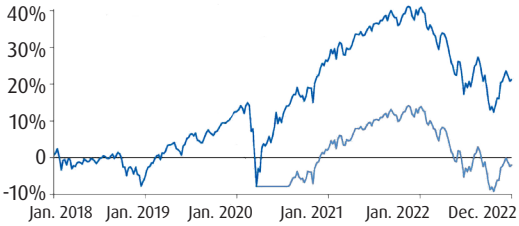


+6.2%	Average return on 10 best days
-6.2%	Average return on 10 worst days
3	Number of 10 best days that immediately followed 10 worst days

Source: Russell Investments, "Value of an Advisor 2023," Financial Professional Version.

Short-term decisions during uncertain periods can also have lasting effects. Take the 2020 pandemic as an example. When the U.S. stock market dropped 34 percent in just 22 days, an investor who moved entirely to cash at the bottom in March and remained on the sidelines until July would have seen a -2 percent return (from 2018 to 2022). In contrast, a disciplined investor who held a balanced portfolio throughout the substantial volatility would have seen a 21 percent gain (chart below).

The 2020 Pandemic Drawdown: Impact of Short-Term Shift to Cash



Balanced 60/40 portfolio: Stocks are represented by the MSCI All Country World Index; bonds are represented by the Bloomberg Global Aggregate Bond Index (USD Hedged). https://investor.vanguard.com/investor-resources-education/article/four-timeless-principles-for-investing-success

A well-constructed financial plan provides a valuable roadmap, but in turbulent markets, having professional guidance to help navigate uncertainty can be important. Studies have attempted to quantify this value, with one suggesting that behavioural coaching alone can add an average annualized return of at least 3.4 percent.[1]

In volatile times, don't underestimate the value of discipline and support. As advisors, we are here to help you make informed decisions, manage risk and stay focused to achieve your long-term goals.

1. https://russellinvestments.com/-/media/files/au/support/voa/voa_report_2023.pdf

This Summer Give Kids a Head Start: Help File a Tax Return

Filing a return can save future taxes and help build wealth, too.

Do you have a teenager in the family—perhaps a child, grandchild, niece or nephew—working part-time during the summer or after school? It may be a great opportunity to help them grow future wealth and reduce taxes at the same time. All it requires is the time spent filing a tax return!

While teens may overlook filing a tax return if taxable income is below the basic personal amount (BPA)—which is $16,129 for 2025 (federal)—there are good reasons to do so. Even modest earnings can build valuable Registered Retirement Savings Plan (RRSP) contribution room.

As an example, let's take Josh who, at age 14, starts work as a lifeguard and earns $5,000 each summer. His aunt assists him with filing his tax return, which allows him to accumulate RRSP contribution room at a rate of 18 percent of his earned income. For Josh, this means $900 in RRSP room for each summer of work. Even if he doesn't contribute to his RRSP, the unused RRSP room can be carried forward indefinitely. By age 22, after graduating from university, Josh has accumulated $8,100 in unused RRSP room. When he starts a full-time job, assuming a 30 percent marginal tax rate,* he contributes the full $8,100 to his RRSP, saving $2,430 in taxes ($8,100 x 30%). At an average annual return of 6 percent, this contribution alone could grow to nearly $75,000 by the age of 60. Not a bad start for someone just beginning their career!

In addition, there may be other benefits:

Lifelong Financial Habits — Supporting kids in filing their taxes at an early age can help impart lifelong financial skills and habits.

Income Splitting — If you own a business, paying younger family members for reasonable services rendered can transfer funds into the hands of those in lower tax brackets.

Future Access to RRSP Funds — RRSP contributions can potentially be accessed in the future as an interest-free loan. This includes the Home Buyers' Plan, for up to $60,000 for a first-home purchase, and the Lifelong Learning Plan, for up to $20,000 to finance eligible training or education.

*Illustrative. Tax rates vary depending on income and the province of residence.

Understanding Tariffs — A Brief Overview

With tariff talk continuing to dominate the news, here is a brief overview of how U.S. trade policy is affecting global dynamics.

First, why tariffs? While the U.S. administration hasn't formally outlined its full rationale, President Trump has long endorsed tariffs as a way to strengthen the U.S. position. The goals behind the broad-based tariffs may include: reducing the trade deficit (by increasing exports and decreasing imports), supporting U.S. manufacturing and onshoring, securing supply chains, countering unfair trade practices, raising U.S. Treasury revenue and pressuring countries into negotiations.

What are the potential impacts of tariffs? The tariffs have introduced economic uncertainty, given their potentially wide-ranging effects, including:

1. Inflationary pressures — Tariffs act as a tax on imports. U.S. importers are responsible for paying the tariff—collected by the government—a cost expected to be passed on to the end consumer, leading to higher prices.

2. Trade & supply chain disruptions — Tariffs disrupt global supply chains and production cycles. With trade policy continuing to evolve, the uncertainty has made it difficult for businesses to plan, invest or maintain stable supplier relationships. Tariffs can also lead to lower trade volumes, as seen between the U.S. and China in April before significant Chinese tariffs were put on hold.[1]

3. Corporate earnings pressure — Firms affected by the tariffs face rising input costs and supply chain complications, which can shrink profit margins and undermine business confidence. Sectors reliant on global trade may respond by cutting costs, potentially leading to increased layoffs and higher unemployment.

4. Recessionary headwinds — Together, these dynamics weigh on economic growth. Consider that in the U.S., consumer spending accounts for roughly 68 percent of GDP. As prices rise and uncertainty builds, demand may soften—putting further downward pressure on growth.

Critics argue that many tariff objectives may be aspirational. Onshoring manufacturing would require significant infrastructure investment, which is capital-intensive and could take years to build. For many products, U.S. manufacturers simply can't compete with the low input wages in developing countries. One estimate suggests that producing an iPhone in the U.S. would cost about $3,500.[2] While globalization has helped lift living standards abroad, developed nations like Canada and the U.S. have also benefited tremendously from lower consumer prices.

What Should Investors Do?

In the coming months, the effects of the tariffs are likely to become more pronounced if they continue to be rolled out, so investors should be prepared for continued market volatility. A well-diversified portfolio with a focus on strategic asset allocation is intended to help manage risk during uncertain times. It's also worth remembering that the tariffs are self-imposed and subject to change. While the ongoing trade situation feels unprecedented, free-market forces have historically demonstrated resilience and self-correction in the face of disruption. This time is likely no different.

1. https://www.cnbc.com/2025/05/09/chinas-exports-jump-us-tariffs-imports-tumble.html; 2. https://www.cnbc.com/2025/04/11/heres-how-much-a-made-in-the-usa-iphone-would-cost.html#

With the compliments of...

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