CEV WEALTH

FINANCIAL PLANNING • WEALTH MANAGEMENT • INSURANCE

mutual gains

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Quieter Is Good But Does It Matter?

With tariff issues now dripping into the news everyday rather than battering like tsunami waves, it's feeling a little quieter globally (as historically normal can be since there is always more than 1 thing to be concerned about).

Also, with a Federal election well out of the way, we have a Prime Minister that I think most would agree, is more palatable and definitely much more credible than his predecessor (although I can hear the voices of some I know saying "he's not palatable" and / or "he has a hidden agenda"). I'm not getting into any political debate here or tip my hand on my view so let's leave that point, right there.

Peace of any kind is better for us all; however, bouts of turmoil every so once in a while is good to enhance future portfolio returns and ultimately, your financial well being. It seems we're currently getting temporary reprieves to heightened emotions and uncertainty; however there will of course be more bumps. It is at these times that the 3 primary portfolio management teams we use for client portfolios take advantage of the opportunity to add value by buying bargains in order to enhance future returns.

We will listen carefully
to what you are saying
and be attentive to your desires
as well as your fears
so together we can build
and enjoy
a harmonious
and responsive relationship
in attaining your life's dreams
and through that
We will be attaining ours.

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It is during these emotionally charged events that many people and systematic trading platforms automatically sell and buy. The error is that the vast majoring of that buying and selling isn't done rationally. This can create a huge discrepancy between what something can be bought for versus what it is actually worth. An active investment manager takes advantage of this mispricing by being able to have a "proprietary insight" into why this business is worth so much more than what it can be bought for. They can determine this quite quickly by having an extensive library of past and present research they have done on any one company. This is used to determine a true value of any business they have considered at anytime in the firm's history, particularly one that has most recently been on their radar.

Emotion is taken completely out of the decision making process. With so many acting on emotion during what seems to be a "world coming to an end" event, it is in that very moment that big opportunities to create highly pleasing future returns is at its best. The most significant one of these was (of course) in the Spring of 2020. We saw something similar in 2022; however, I know our client portfolios didn't feel very much of that.

Just a few months ago we had the most recent of those highly charged emo-

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Welcome To A New Bull Market, More Reasons For Bulls To Smile

New Bull Markets Start (20% Off Bear Or Near Bear Lows) and What Happened Next

Previous Bull Market Peak	End Of Bear Market	% Loss During Bear Market	Date Up 20% From Bear Lows	Trading Days to New Bull Market	S&P 500 Forward Returns			
					1 Month	3 Months	6 Months	12 Months
6/15/1948	6/13/1949	(20.6%)	11/2/1949	99	0.4%	6.1%	11.9%	19.8%
8/2/1956	10/22/1957	(21.6%)	7/25/1958	191	1.6%	8.5%	18.8%	27.8%
12/12/1961	6/26/1962	(28.0%)	12/5/1962	112	2.0%	3.8%	12.2%	17.7%
2/9/1966	10/7/1966	(22.2%)	2/14/1967	88	2.2%	5.6%	7.5%	2.4%
11/29/1968	5/26/1970	(36.1%)	9/28/1970	87	-0.9%	8.6%	19.2%	16.3%
1/11/1973	10/3/1974	(48.2%)	11/5/1974	23	-12.0%	5.1%	18.6%	17.8%
9/21/1976	3/6/1978	(19.4%)	8/9/1978	109	2.2%	-10.2%	-7.0%	1.4%
11/28/1980	8/12/1982	(27.1%)	9/14/1982	22	11.1%	13.7%	22.5%	34.4%
8/25/1987	12/4/1987	(33.5%)	3/8/1988	64	-1.2%	-1.6%	-1.4%	9.1%
7/16/1990	10/11/1990	(19.9%)	2/6/1991	81	4.4%	5.5%	8.9%	15.5%
7/17/1998	8/31/1998	(19.3%)	11/19/1998	57	4.4%	10.3%	13.4%	23.4%
3/24/2000	10/9/2002	(49.1%)	5/6/2003	143	6.0%	3.3%	13.3%	20.0%
10/9/2007	3/9/2009	(56.8%)	3/23/2009	10	2.5%	8.5%	29.4%	42.7%
4/29/2011	10/3/2011	(19.4%)	1/25/2012	78	3.0%	4.9%	0.9%	13.1%
9/20/2018	12/24/2018	(19.8%)	3/15/2019	55	2.9%	2.3%	6.6%	-15.5%
2/19/2020	3/23/2020	(33.9%)	4/8/2020	12	6.5%	14.6%	24.3%	50.1%
1/3/2022	10/12/2022	(25.4%)	6/8/2023	164	3.4%	3.8%	6.8%	24.8%
2/19/2025	4/8/2025	(18.9%)	6/6/2025	41	?	?	?	?
			Average	79.8	2.3%	5.5%	12.1%	18.9%
			Median	79.5	2.5%	5.5%	12.2%	17.8%
			% Higher		82.4%	88.2%	88.2%	94.1%
			All Years Since 1950					
				Average	0.7%	2.2%	4.5%	9.2%
				Median	1.0%	2.6%	4.9%	10.4%
				% Positive	60.7%	66.0%	70.1%	73.8%

Source: Carson Investment Research, FactSet 06/06/2025
A new bull market is close 20% above the previous bear or near bear closing low
@ryandetrick

CARSON

tional events: Trump's seemingly off the cuff action statements regarding tariffs that lit the fire. The market effects of this were relatively short lived. In fact, it was one of the shortest "bear markets" (~3 months) since 1948 (a decline of at least 20% is considered a "bear market"; you'll see the details in the chart on the next page).

If you weren't paying attention or were ready to invest some cash, you would have missed an opportunity to take advantage of the emotional reactions (though the 3 portfolio management teams we use did not).

From a broader, macro lens, the new era of tariffs and government deficit reduction will be the most important financial issues globally, and it will probably be for several years. One of those longer term issues is housing. In the developed world this creates societal pressure, pitting the haves and have-nots in this growing divide.

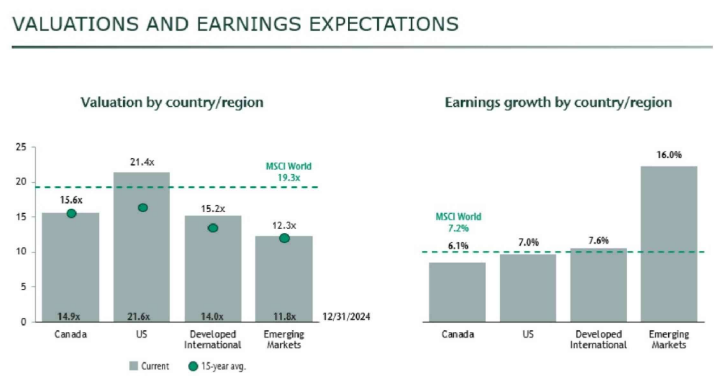
In the current business world, there are so many financially strong global businesses with wide moats (less competition than most), run by great management teams that have a strong vested interest to make the businesses they run, thrive. These should continue to meet the needs of the world's population. They will continue to provide solutions to problems we don't recognize, products we don't even realize we need until we use them (and then we wonder, "how did I do without this?"). The strongest will become stronger as they always have. There will however be those who are overtaken and eventually fold.

Your ultimate safety and assurance of financial health through all economic times (even when you think, "how will we survive this?"), is in having a team of great minds continually working together, for themselves and on our behalf, to produce very pleasing financial returns over the long term.

The Inexpensive Is Growing Faster

Most people would assume this means that companies whose shares are cheaper are going up in price faster. That would be the common assumption, leading one to think, "If it is going up, then it's a good investment and therefore it makes sense to buy more". However, that isn't it at all. Nothing could put you more at risk than following this line of thinking, and action.

What I am talking about is what ultimately makes an investment attractive. How is it doing operationally? Ultimately, it shows in its earnings, which is the most telling metric. One determination point of value is what is the price of the shares related to those earnings.



What the graph on the right shows is that companies in Emerging Markets (taken in aggregate) are growing their earnings by 16%/year. That is a very healthy growth rate and ultimately, a company that is growing their earnings at that rate should eventually see their share price grow at that same rate.

I said "eventually" because over the past several years, that alignment between earnings growth and share price rising has been inconsistent. The share price of these companies hasn't been going up as much as their earnings. That is where the opportunity lies, in the mispricing of these businesses. We are seeing this earnings vs price pressure grow, which is a good thing for the "business person buying businesses".

Layoffs & Pensions: What To Do?

Layoffs and early retirement packages or "buyouts" are most often offered when an economy is slowing and companies are trying to con-

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serve cash (or a government is cutting jobs to deal with persistent deficits). No matter the reason, the person who is disrupted, displaced or forced into retirement, has a decision to make. What should be done with the pension that is in place?

Often it can mean a choice between 1) taking a lump sum payment, or 2) receiving a monthly lifetime pension (#2 being a "Defined Benefit Plan", where you know how much you will get every month which is very different than the more common, "Defined Contribution Plan" where you and your employer dump money to what is more like a RRSP). Yes, you often do have a choice and 1 of these 2 options will be the better one.

Like almost anything, there is no "one size fits all". However, a simple rule of thumb can help determine which one is more likely to be better for you. This can be determined by using a simple 6% test. The examples below will outline what that looks like:

Scenario 1: Monthly pension of $1,500 or take $180,000 payout?

Calculation: ($1,500x12) / $180,000 = 10%

Since 10% is great than 6%, taking the monthly pension is probably a better financial choice for you

Scenario 2: Monthly pension of $500 or take $200,000 payout?

Calculation: ($500x12) / $200,000 = 3%

3% is 1/2 of the 6% – therefore taking the payout is in your best interest. However…

This is just the 1st factor to weigh. You should also consider your health. If you have a shorter expected lifespan, taking the cash becomes a much better option. An example would be if you want to pass money on to your kids and/or grandkids. If you die prematurely and have chosen the guaranteed monthly income, the value of what remains goes to other people in the pension plan. Of course, the best thing to do is to weigh everything out with your Financial Advisor. For all the clients I've advised on this topic over the 30+ years, the best option has been about 50% either way. So again, it definitely isn't "one size fits all".

Insurance That Will Payback Your Premiums

With many insurance coverages, you normally pay a monthly or annual amount for having the insurance and when you don't need it anymore you cancel it. You simply paid for insurance to cover a risk while that risk needed to be covered. This is how we all pay our car, house, and often, our life insurance.

The fact is, in most cases we don't collect or make a "claim" on the insurance we have purchased. That isn't a bad thing. In fact, it is actually much better since you didn't experience an event where you needed the money which the insurance was meant to provide.

On some insurances, such as Critical Illness or Disability (Income Replacement) Insurance, you may be able to add a "rider" that will refund a portion, or up to 100% of the premiums you paid. This is called "Refund / Return of Premiums" (ROP). Having this option on your insurance coverage means that if you don't get a critical illness or become disabled, you'll get a refund of a stated amount (set at the time you buy the coverage) every 5, 8, 10 or 15 years, based on all the money you paid out to the insurance company.

Yes, you'll pay more for this feature. However, since insurance is there only to payout should you need it and the likelihood of you needing it is relatively low, paying the extra dollars to get back several thousand dollars in the future is much nicer than just cancelling the policy when you don't need it anymore and getting nothing. There is a downside. If you do claim on the insurance coverage, you've actually paid too much up until that time. Again, most likely event is that you'll be getting a refund of your premiums.

There are only a handful of insurance companies that offer "Refund Of Premiums" on certain kinds of insurance coverages. I've had Disability Insurance with ROP for many many years and more than once I have been refunded 50% of the premiums I've paid.

5 Personal Financial Myths

1) Credit Cards Are Bad—only if you carry a balance AND if you are not putting money away every month (or at least a lump sum once a year)
2) Paying Rent is Throwing Money Away (even though it may appear less costly when rent payments are much lower than mortgage payments for the same property)." This myth is true only if you aren't disciplined and proactive about strategically reallocating what you would normally have been spending on a down payment and not saving the cost difference between renting and buying (the monthly cost over time is bigger than most people care to admit—so psychological accounting).
3) 3 Months Emergency Reserve—Even most Financial Advisors recommend this. I think it is inefficient. There are better ways (which you'll know if you've followed me over the years).
4) I'll Save If I Can Afford To— The least financially successful simply spend what they take in. I'm amazed at some of our clients who do so well with so little and on the other side, completely perplexed by others who can make a solid income for so long, yet have so little. You pay everyone else 1st (bank re a mortgage, phone company, car dealer, etc.) Flip it around. Pay yourself 1st by setting a fixed amount of money aside every month. Everyone can do something monthly. Yes, everyone.
5) I Can Afford The Payments So I Can Afford it— See #4 above. Also, if any 1 thing changes in your life, all of a sudden that assumption can be wrong (especially if it is a big change like a job loss or any other kind of income drop).

Life Gems— Knightsbridge Foreign Exchange

Over the years I've had to exchange Canadian dollars to another foreign currency. The path for many is simply to go to their bank and get the currency they need and pay for it from their bank account. Convenient, yes however, because banks don't specialize in exchanging currencies, you are paying for that convenience. Keep in mind that the more money you are exchanging, the higher the cost (~2.5%). For many years I've used KnightsbridgeFX. Once you set up an account, which includes linking your bank account with them, you'll be able to lock in a rate, send them the money electronically and they'll deposit the money to your foreign currency bank account. I've used this many times to send money to my Banner Bank account in Blaine, Washington. Need cash for a trip? Knightsbridge doesn't hold physical currency cash, so-in that case you'd go to a local currency exchange that has a branch near you. That too will be better than going to your bank. PS. Knightsbridge was on Dragon's Den in 2019.

HHHmmm…

• The best May for the S&P 500 in 35 years (right after the Trump Tariff Turmoil). The most recent historic evidence on why you don't sell when there is lots of uncertainty and angst. #KeepCalm

• 60 companies in the Russell 2000 index (small cap US companies) rebounded in price by 100% or more in the 2nd quarter of 2025 (after the tariff threat market decline), yet 80% of those companies remain operationally unprofitable. #DeadCatBounce

• After-inflation growth in house prices was higher in Canada than in any other Group of Seven country between 1990 and 2024. #WiderHave&HaveNots #ReversionToTheMean?

• During the pandemic, Toronto condos were snapped up fast. Today, the time to sell pre-construction condos in Toronto, based on current demand, is almost 60 months. Something we haven't seen since the early 80's. #BoomToBust

• According to historical US inflation data dating back to 1910, the benign inflation environment we are currently in could foreshadow the next wave of rising inflation. #HigherFutureRates

• Canada's value of exports to the U.S. fell to $43.93 billion in May from $51.61 billion a year earlier, a drop of 15% ($7.7 billion). During the same period, Canada's exports to the rest of the world increased by almost 42% ($5.7 billion). Meanwhile, the UK replaced China as Canada's 2nd biggest export market. Why? The UK has been buying Canada's gold… almost 500% more. #StatsBehindTheStats

• Fewer than 60% of Canadians who entered the labour market in the past 12 months in search of a job have managed to find one. The ranks of the unemployed has increased 14% over the past year to 1.55 million. #AllSeemsGoodBut...

• A stablecoin is a type of cryptocurrency whose value is designed to remain stable against a reference asset, typically a fiat currency like the U.S. dollar, or a commodity like gold. Unlike other cryptocurrencies, stablecoins are less prone to dramatic price fluctuations, making them useful for transactions and bridging the gap between traditional finance and the world of digital assets. Amazon and Walmart are both looking at issuing their own stablecoins. #Currency2112

• Financial Advisors continue to be the top source of advice on investments (44% of respondents). Other sources are independent financial websites (8%), spouse/partner (7%), newspapers (3%), accountant/lawyer (3%), TV (3%), social media (1%). A relatively large portion said they were not interested in keeping up with financial matters #WeWillForYou

• The average retirement age has risen from 61 in 2000 to 65 in 2025. 50% of pre-retirees intend to retire at age 65+. #60IsTheNew50

• Young people are dealing with a generational shift in the employment landscape that includes the rise of precarious gig work and stiffer competition. Canada's summer jobless rate for students planning to return to school in the fall rose to 20.1% in May, a level not reached since 2009. At the same time, summer job postings were down 22% in Canada compared to a year ago. #DifficultyCreatesResilience

• Vancouver's population is expected to decline in 2026 and 2027, the 1st decline since 1986. #EasingOfPressures

• Approximately 1 in 5 American men aged 25-34 lives with his parents, compared with just over 1 in 10 women of the same age.

• $1.7 trillion languishes in 401(k) accounts (the US version of a RRSP) that people have forgotten about. The average unclaimed balance is $56,616. Those 29 million idle accounts represent ~25% of all assets held in 401(k) retirement plans. #PoorFinancialRecordKeeping

• In the many years past, countries like China and India have had much higher rate of male births than female. Ultrasound gave parents a method to choose and the result was a massacre of female fetuses. However, recently in the Western world, there has been a higher preference for females evidenced by "gender disappointment" videos on social media when they are told "It's a boy". #HumansAsProducts

• The Surrey BC Public School budget for 2025-26 is $1,159,791,363 to service 85,000 students works out to over $13,000/student.