IN THIS ISSUE

Market Insights

BDWM in the Community

TD Wealth Private Investment Advice

Tel: 519-253-1028
TF: 1-800-287-1898
156 Ouellette Avenue, Suite 300
Windsor, ON N9A 1A4
www.brazierdupuiswealth.com

Why Planning Ahead is a $2 Trillion Imperative

Summer 2025

In Canada, over the next 10 years, three out of four business owners intend to exit their businesses. As a result, more than $2 trillion in business assets will be transferred to new owners. According to the Canadian Federation of Independent Business (CFIB), only about nine percent of these owners have a formal business succession plan in place.

Given those statistics, it's no surprise that we've been increasingly working with business owners at various stages of succession planning. Preparing for a business exit can be a lengthy process with many important considerations. The most common obstacles reported to the CFIB include finding a suitable buyer, valuing the business, and the owner's continued involvement in day-to-day operations.

Through conversations with clients, I'm often reminded of the Yogi Berra quote: "You've got to be very careful if you don't know where you are going, because you might not get there."
We've found it helpful to begin with higher-level discussions to help clarify and prioritize what matters most to the owner as they prepare for their next stage of life. Once those needs and goals are established, we can engage TD specialists to help you focus more effectively on key areas such as business structure, taxes, and compensation.

In this edition, we've included a short primer on the key questions every business owner should ask themselves when preparing for retirement. As always, we're here—along with your other trusted professionals—to help guide you and to help you reach your goals.

PJ Dupuis
Senior Portfolio Manager
TD Wealth Private Investment Advice


Brad Brazier
Senior Portfolio Manager


P.J. Dupuis
Senior Portfolio Manager


Samuel Lau
Associate Investment Advisor


Boraba Sordachanh
Administrative Associate


Brian Porter
Associate Investment Advisor

Exiting your business:

8 questions for business owners

Pierre Létourneau vividly remembers working with a client who, in the process of selling his business, revealed that he was more concerned about who would buy his business than how much he'd earn from its sale.

"The client asked, 'Does this buyer have the same vision as me for the company I built up? Will they uphold its integrity and reputation?"

Létourneau, a Business Succession Advisor with TD Wealth, uses this anecdote to show that any successful succession plan must align with the owner's personal and professional goals. While these goals vary, writing them down is the first step: "Although your goals may shift, take the time to find out what's really important to you, and use your business succession plan to work toward it."

According to the Canadian Federation of Independent Business, 91% of business owners surveyed said they'd feel more confident exiting their business with a formal succession plan in place — yet only 9% already have one.

76% of business owners plan to leave their business in the next decade.

As you consider your own exit, Létourneau says it's important to put as much effort into building your succession plan as you did your company. Here are eight questions to help you get started:

Have you set an exit date?

Optimizing your company before selling can raise its value, but that process takes time. Some tax requirements must be fulfilled years before the sale. You'll need to decide on the type of sale (asset vs. share), acquire an appraisal, and possibly undergo corporate purification — the process of removing surplus assets not part of the active business. If you're keeping the business in the family, preparing a successor also takes time.

Is your team ready for the succession process?

Entrepreneurs often believe they can do everything themselves, but assembling a team of experts can help ensure a smooth exit — and may help maximize the sale price. Depending on your needs, this could include a lawyer, accountant, financial advisor, and industry consultants.

Have you explored the Lifetime Capital Gains Exemption?

Capturing the full value of this exemption can take years of planning and may require updating your corporate structure and moving non-business assets out of the corporation. Visit the Canada Revenue Agency website to learn more.

Are your retirement goals and succession plan aligned?

Your advisory team can help assess how the sale impacts your retirement plans. Their calculations may include the sale price, tax strategies, your retirement age, and whether you'll continue to receive income from your business. Closer to the sale, they can run projections to show how different outcomes affect your goals.

Do you know how much your business is worth?

Valuing a business is complex and often requires a professional appraiser. Advisors and industry consultants can help determine which type of sale — assets or shares — may be most suitable.

Have you involved your children in your plans?

Early, open discussions about whether your children want to be involved in the business are key. If you're passing it down, restructuring may be needed to ensure a smooth transition. Shareholder or co-ownership agreements may also be important.

Does your shareholders agreement adequately cover your exit?

This agreement should clearly outline what happens if one owner exits — including the share valuation process, payment terms, and dispute resolution. Without one, you risk losing time and resources.

Létourneau offers one final reminder: be flexible. Business conditions and personal situations often change during the planning process — especially if you start early — so adaptability is essential.

Source:

1 Succession Tsunami: Preparing for a decade of small business transitions in Canada, Canadian Federation of Independent Businesses, 2022, https://20336445.fs1.hubspotusercontent-na1.net/hubfs/20336445/research/reports/2022/2022-10-EN-Succession-Tsunami-Preparing-for-a-decade-of-small-business-transitions-in-Canada.pdf (Accessed March 25, 2025).

Putting market volatility in perspective

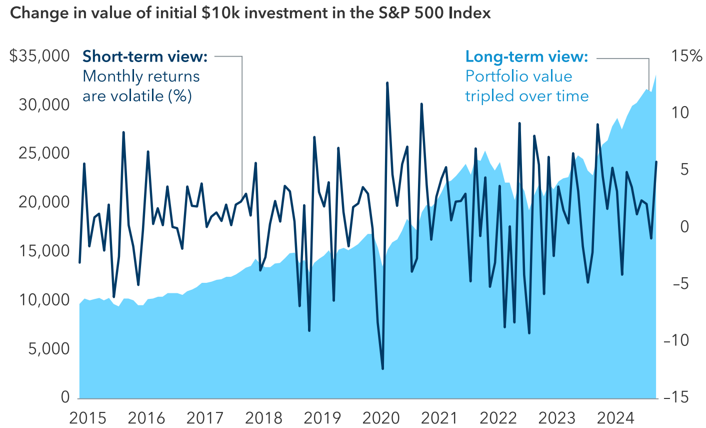
Staying the course has paid off for long-term investors

When markets are volatile, it's hard to resist the urge to do something. Suggestions to stay the course offer little comfort when markets and emotions are spiraling. But in many cases the best course of action has been none at all.

Consider two contrasting perspectives of the same 10-year period ending in 2024. The short-term view shows monthly swings in the market, the most dramatic being the 12% decline in March 2020 as COVID gripped the world and froze the global economy.

The long-term view shows a hypothetical US$10,000 investment over the same time frame. Staying invested through the entire decade, riding out the ups and downs of the pandemic, would have more than tripled the investment to US$34,254.

Two views of the same investment tell a very different story



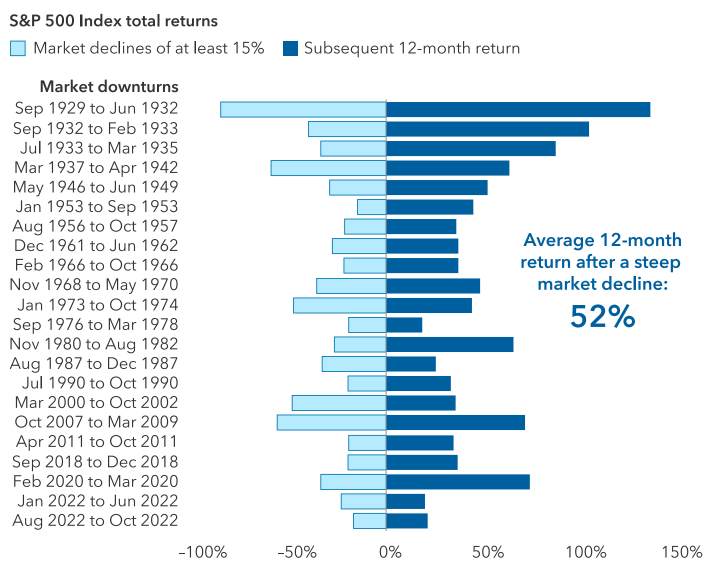
Source: Standard & Poor's. Short-term view represents the S&P 500 Index and reflects monthly return percentages from December 31, 2014 through December 31, 2024. Long-term view represented by a hypothetical US$10,000 initial investment in the same index over the same time period, using one-year returns.

Markets typically have recovered quickly

While markets can be treacherous during periods of heightened volatility, they have often bounced back quickly. Indeed, stock market returns have typically been strongest after sharp declines. The average 12-month return immediately following a 15% or greater decline is 52%. That's why it's often best to remain calm and stay invested.

How often do market corrections of 10% or more turn into entrenched bear markets? Turns out, not often. More common are short pullbacks ranging between 5% to 10%. While these may feel unsettling, on average, a drop of 5% occurred twice per year while corrections of 10% or more happened every 18 months from 1954 to 2024. And while intra-year declines are common, the good news is 37 of the last 49 calendar years have finished with positive returns.

Stock market returns have been strong after steep declines



S&P 500 Index is a market capitalization-weighted index based on the results of approximately 500 widely held common stocks.

Source:
Capital Group, Standard & Poor's. Each market decline reflects a decline of at least 15% in the value of the S&P 500 Index, without dividends reinvested. Results over the various time periods are from September 7, 1929, through October 12, 2022. Based in USD.

Welcoming Cynthia Tran: Strengthening Our Portfolio of Talent

We would like to extend our sincerest welcome to Cynthia Tran who is the most recent addition to our group. Cynthia brings a wealth of experience from RBC Capital markets, is passionate about delivering exceptional client service and is excited to contributing meaningfully to the team. She is joining us to replace Nancy, who has started her maternity leave.

On the Ground in Toronto: Gaining Investment Insight from Portfolio Leaders

The team recently visited Toronto for updates from portfolio managers and company management teams. During our stop, we met with Jason Meiers who is the chief investment officer of Stack Capital, who provided an update on their portfolio companies and gave his insight on recent market activities.

Left to Right – Brad Brazier, Jason Meiers, Samuel Lau, Brian Porter, Pj Dupuis