



Wealth Insights

TD Wealth Private Investment Advice

Spring 2025



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To My Clients:

The evolving tariff situation has been unsettling for many. I continue to monitor ongoing developments and evaluate the impact on portfolios, maintaining a disciplined approach and the belief that quality companies with solid fundamentals will continue to build wealth over time. I hope this moment sparks positive economic change. There may never be a more important time to be "true north, strong and free."

Despite the challenges, the underlying forces driving progress—resilience, adaptation, innovation—persist over time. Continue looking forward.


Willoughby
Wealth Management

Partly Cloudy With a Chance of Sun?

The old joke that “economists exist to make weathermen look good” may feel especially relevant today. So far, 2025 has proven just how unpredictable the near-term outlook can be.

To start the year, the markets responded to two largely unexpected events: the emergence of DeepSeek, a new and allegedly cost-competitive Chinese AI model, and U.S. President Trump’s decision to initiate a trade war with Canada, its closest ally. While tariffs weren’t entirely unanticipated given Trump’s campaign rhetoric, what followed was surprising. The tariffs were initially deferred in February, then implemented in March, only to be adjusted days later, signalling that we have entered a period of heightened unpredictability under the new U.S. administration.

The *Financial Times* recently highlighted the “forecasting paradox”—the idea that the value of a forecast is not in its accuracy, but in whether it prompts useful action: “The problem with forecasts is that some are right, some are wrong, and by the time we know which is which, it’s too late.”¹

It’s a fair perspective and one that reinforces the importance of diversification and discipline in portfolio management. A diversified approach recognizes that markets, like the near-term outlook, are inherently unpredictable—and that one of the best ways to navigate this uncertainty is to prepare for multiple possible outcomes. A well-diversified portfolio can adapt to different environments and evolving scenarios. Investors face many factors beyond our control—tariffs, trade wars, interest rates, inflation and economic growth—while near-term narratives, whatever the forecast of the day, can sometimes tempt investors to react in haste. More often than not, it is the investor’s emotional reactions to these uncontrollable events that can have a greater negative impact on longer-term outcomes.

These events may signal broader shifts taking place today. The evolving tariff situation should serve as a wake-up call that “forewarned is not necessarily forearmed.” Just as diversification is important in portfolio management, it’s equally critical in trade. Overreliance on a single partner (see page 3) has left Canada vulnerable in this new era of rising national protectionism. There is a lot of work to be done on the economic and trade front to strengthen Canada’s position to be less vulnerable. From an investing perspective, as an advisor, I continue to thoughtfully assess the developments and their potential impact on portfolios. Similarly, for many years the dominance of top U.S. technology players remained relatively unchallenged and DeepSeek’s emergence is a reminder that disruption is inevitable in any innovation cycle, as technology continues to advance at an unprecedented rate.

While the near term has always been uncertain, if the first months of 2025 are any indication, the next four years are likely to bring considerable unpredictability. One of the keys will be to focus beyond the immediate noise and maintain a broader perspective. While challenges undoubtedly lie ahead, as with any cycle, the seasons change, the clouds pass and sunny skies return once again.

1. <https://www.ft.com/content/ad6ba0c5-9937-41db-8dd9-b98323acdca9>

Wealth Insights

Income Tax Season: Recent Updates

2024 Tax Year Filing: Clarifying Capital Gains Inclusion Confusion

It is personal income tax season once again, and taxpayers reporting capital gains for 2024 now have some clarity.

Taxpayers reporting capital gains for the 2024 tax year were provided with clarity when the federal government deferred the proposed capital gains inclusion rate increase to January 1, 2026. Draft legislation was tabled last September but never passed. To start the year, the Canada Revenue Agency (CRA) confirmed it would administer the changes as proposed. However, the Canadian Taxpayers Federation filed a legal challenge to contest its approach, and the government since announced the deferral. The CRA will grant relief in respect of late-filing penalties and interest until June 2, 2025, for individual filers, and until May 1, 2025, for trust filers, to provide taxpayers reporting capital gains extra time to meet their tax filing obligations.¹

In addition to this change, here are other recent changes that taxpayers should be aware of:

Working From Home — Form T2200 has been amended to simplify information required by employers for employees claiming expenses when working from home. The update now only requires an employer to certify whether the employee worked from home more than 50 percent of the time over a period of at least four consecutive weeks.

Charitable Donation Extension — Due to the postal strike, draft

legislation extended the deadline for 2024 charitable donations to February 28, 2025. Individuals can choose to claim eligible gifts made up to February 28, 2025, on their 2024 personal income tax return, 2025 tax return or during the normal five-year carryforward period. Corporations with a taxation year ending after November 14, 2024, and before January 1, 2025, are also eligible for the extension.



Canada Carbon Rebate (CCR) for Small Business — Introduced in the 2024 Federal Budget, this provides eligible Canadian-Controlled Private Corporations (CCPCs) a rebate to offset the federal fuel charge in certain provinces: AB, MB, NB, NL, NS, ON, PE, SK. CCPCs in other provinces/territories may be eligible if they employ people in designated provinces. Rebates were distributed in December. After much confusion, while it was confirmed that the rebate is tax free, legislation is pending so it must be included as taxable income.²

¹ <https://www.canada.ca/en/revenue-agency/news/newsroom/tax-tips/tax-tips-2025/what-you-need-to-know-for-2025-tax-filing-season.html>; ² <https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/corporations/business-tax-credits/canada-carbon-rebate-small-businesses.html>

The Plight of the Loonie: Be Aware of the Impact of Currency Risk

The Canadian dollar (CAD) continues to be under pressure, falling below 68 U.S. cents in February—its lowest level in more than two decades. This decline has been driven by various factors, including the growing divergence in U.S. and Canadian monetary policy—lower interest rates generally weaken a currency in the short term making it less attractive to foreign investors—ongoing U.S. tariff threats and a strong U.S. dollar (USD) supported by a relatively robust U.S. economy.

Looking back over 50 years, the CAD has gone through various cycles. From 2005 to 2014, the CAD was strong, buoyed by an expanding global economy led by China's demand for commodities. In September 2007, the CAD traded at par with the USD for the first time in over 30 years. At the peak of the commodity boom in 2011, the CAD reached US\$1.06. However, over the last five decades, the CAD has averaged around US\$0.80.

What Does This Mean for Investors?

A weaker CAD increases the cost of imports and, for snowbirds, has made travel to the U.S. more expensive, effectively reducing purchasing power. For Canadian investors, it's important to consider how changes in exchange rates can affect non-Canadian denominated investments when converted into CAD. A notable example of currency risk occurred between 2000 and 2009. The backdrop at that time may share similarities to today. At the start of 2000, U.S. equities were trading at historically high levels at the peak of the dot-com bubble, and the CAD was trading below 70 U.S. cents. The S&P 500 began the year at 1,469.25, but by the end of the decade, it closed at 1,115.10, a decline of 24.1 percent. However, if an investor put Canadian dollars into U.S.-denominated investments tracking the S&P 500 Index, when factoring in the 38 percent appreciation of the CAD over this time, the investor would have experienced a 45 percent loss (chart, bottom).

Historical CAD/USD Exchange Rate, 01/01/1974 to 01/31/2025



One of our roles as advisors is to assess the potential impact of currency risk. For long-term investors, the effect of currency exchange rates on investment returns tends to diminish over time, particularly in well-diversified portfolios. Often a rise in one currency is offset by a decline in another. Exchange rates tend to adjust over time to equalize purchasing power across currencies and, in efficient markets, these fluctuations are typically reflected in asset prices.

There may be ways to directly mitigate currency risk, depending on investment strategy and circumstances. Examples include currency-hedged investment funds, which aim to minimize the impact of currency fluctuations on foreign holdings, and Canadian Depository Receipts (CDRs), which enable investors to buy and sell shares of foreign companies in Canadian dollars on Canadian exchanges. However, as with any investment, it's important to consider the options in the context of your overall investment goals.

Illustrative: Investing C\$10,000 in S&P 500 Index, 2000 to 2009

Date	S&P 500 Index	CAD/USD Exchange Rate	S&P 500 Units* Purchased	Value of Investment	
				In USD	In CAD
01/03/00	1,469.25	0.6888	4,688	\$6,888.00	\$10,000.00
12/31/09	1,115.10	0.9508	4,688	\$5,227.60	\$5,498.00
% Change	-24.10%	+38.04%	—	-24.10%	-45.02%

*This is used for illustration purposes only as the index cannot directly be purchased. Sources: <https://ca.investing.com/currencies/usd-cad-historical-data>; S&P data.

■ Spring Clean Your Digital Footprint

Spring Cleaning: How Many Digital Accounts Do You Hold?

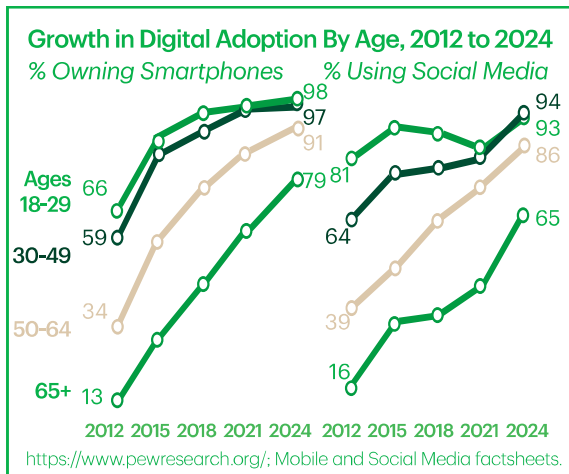
How many digital accounts do you have? According to one source, the average person holds around 100.¹ While this might seem high, it can quickly add up when factoring in email, social media, financial, entertainment, retail and other services.

As our reliance on smartphones has grown, so too have our digital footprints—often to the point of being overlooked. We've previously looked at how organizing digital affairs in estate planning can help loved ones manage digital assets after you're gone. Yet, managing your digital footprint while alive is equally important to maintain privacy, protect assets and reduce the risk of fraud.

A growing online presence provides greater opportunity for criminals to exploit personal information. Scams are more sophisticated, leveraging personal details to target individuals. The rise of artificial intelligence (AI) has also made them faster, cheaper and more convincing. Many operations originate from overseas "fraud factories."

Consider these real-life examples of less obvious scams:

- **Job-related scam** — After posting a new job on LinkedIn, a person receives a message from a "colleague" requesting onboarding details via a portal that appears legitimate. Once they enter their credentials, the data falls into the hands of scammers.²
- **Webinar-participant scam** — After attending a webinar and sharing on social media, a person receives an email from the supposed webinar host, offering access to premium tools for a small fee. Once paid, their financial information is exploited.²
- **Obituary scam** — A grieving family publishes an obituary and finds an altered version online with links to "Send Flowers," "Light a Candle" and "Plant a Tree." Funds are instead redirected to



those operating the site. Scammers are also using information from obituaries—such as the deceased's birthday or names of family members—to target victims.³

Reducing Your Digital Exposure

One of the best ways to protect yourself is by limiting the information scammers can access. Here are some practical steps to take:

- 1. Close unused accounts.** Delete inactive online accounts to reduce exposure to personal data if these platforms are hacked.
- 2. Monitor your online presence.** Regularly search your name to see what information is publicly available. Take steps to remove or secure sensitive details.
- 3. Adjust privacy settings.** Update social media settings to limit who can view posts or personal information. Notify friends and family if your accounts are being spoofed.

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- 4. Think before you post.** Be mindful about sharing personal or financial details online, especially on public platforms.
- 5. Strengthen account security.** Secure your accounts with strong passwords. Consider the use of a password manager, multi-factor authentication or a virtual private network (VPN) for added security.
- 6. Stay informed.** Educate yourself about the latest scams and share this knowledge with those who are vulnerable. Two resources are the Canadian Anti-Fraud Centre <https://antifraudcentre-centreantifraude.ca/index-eng.htm> and the U.S. Federal Trade Commission at <https://consumer.ftc.gov/scams>

1. www.cnn.com/2024/02/26/tech/digital-legacy-planning-personal-technology/index.html; 2. www.theglobeandmail.com/investing/personal-finance/household-finances/article-ai-powered-scams-protect-yourself-in-the-new-era-of-hyper-personalized/; 3. www.edmontonpolice.ca/CrimePrevention/PersonalFamilySafety/Frauds/Identity/ObituaryFraud

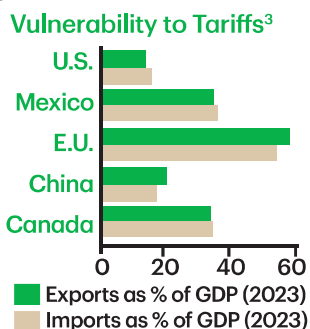
In Brief: Four Perspectives on Canada & U.S. Trade

Here are four perspectives, in brief, on Canada/U.S. trade:

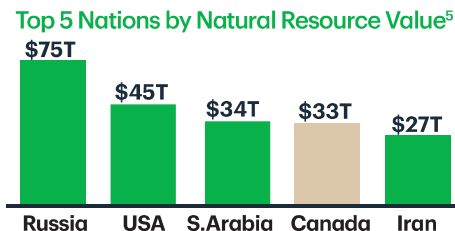
1. Canada is the U.S.'s largest trading partner and accounts for one of its smallest U.S. trade deficits, estimated at US\$45 billion or -0.2 percent of U.S. GDP!¹ Around 18 percent of total U.S. exports go to Canada.² In 2023, Canada imported roughly C\$978 billion in goods and services, with 44 percent originating from the U.S.³

2. Canada depends on the U.S. as its main export partner. In 2023, Canadian exports were valued at C\$965 billion and 77 percent went to the U.S.³ No other nation accounted for more than 5 percent.

3. Canada is relatively vulnerable to tariffs when comparing trade as a percentage of GDP (chart, right) versus the U.S. and China. Mexico and the E.U. are more vulnerable by this metric.³



4. The U.S. relies on Canadian oil and critical minerals. Refiners in the U.S. Midwest import around 3 million barrels of Canadian oil per day and have no viable alternative.⁴ Canada also ranks 4th globally in natural resource value.⁵ Canada is a key supplier of critical minerals to the U.S., providing an estimated 50 to 80 percent of the U.S. zinc, tellurium, nickel and vanadium supply!¹



1. https://economics.td.com/domains/economics.td.com/documents/reports/me/Setting_the_Record_Straight_on_Canada_US_Trade.pdf; 2. <https://www.usitc.gov/>; 3. <https://www.scotiabank.com/ca/en/about/economics/economics-publications/post/other-publications/canada-and-us-economics-canada-and-us-decks-trade-stats-january-31-2025.html>; 4. <https://www.bnnbloomberg.ca/investing/commodities/2025/02/03/eric-nuttall-says-the-us-has-no-alternative-to-replace-canadian-oil/>; 5. <https://www.voronoiapp.com/natural-resources/Ranked-Top-Countries-by-Natural-Resource-Value-2885> (2021 figures).

■ Perspectives on Wealth Management

Why Invest in Advice?

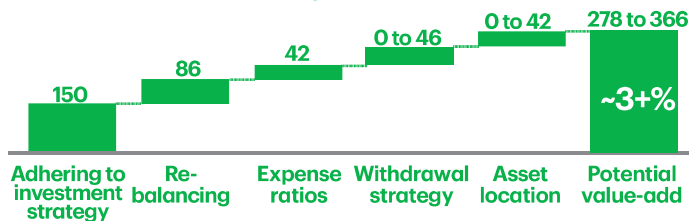
Here's how investing advice can translate into value—especially during more challenging market times.

In today's investing world, the range of low-cost investment options and platforms has expanded significantly, offering investors more choices than ever before. The emphasis on minimizing fees continues to be driven through advertising and the media. While cost is certainly an important factor, it shouldn't be the sole consideration when making sound investment decisions.

The investing landscape is constantly evolving, and achieving long-term financial success often involves more than simply choosing the lowest-cost option. A comprehensive strategy that integrates personalized advice, expert insights and proactive management that aligns with your own financial goals and life circumstances can make a meaningful difference. Here are some ways that investing in advice can create value:

Managing investments — I provide tailored investment solutions based on your unique goals, risk tolerance and stage of life. The approach is proactive and hands-on, focusing on strategic asset allocation, tax-efficient asset location, risk management, rebalancing and tactical withdrawal strategies. A recent study quantified these practices, suggesting that they can potentially boost an investor's net returns by over 3 percent (chart).¹

Value-Add Relative to Average Canadian Client (in bps of return)*



*Based on <https://www.vanguard.ca/content/dam/intl/americas/canada/en/documents/gas/advisors-alpha-infographic.pdf>; bps = basis points, where 1 bps = 0.01%.

Building wealth — Investment returns are important, but consistently saving and staying invested is also critical. Part of an advisor's role is to encourage disciplined savings and investment habits, which can significantly improve wealth over time. Just as a personal trainer helps clients stay committed to fitness goals, I am here to help

ensure consistency and focus along the financial journey, throughout the inevitable market ups and downs. Studies have shown that households working with an advisor for 15 years or more accumulate 2.3 times the assets of those without advisor support.²

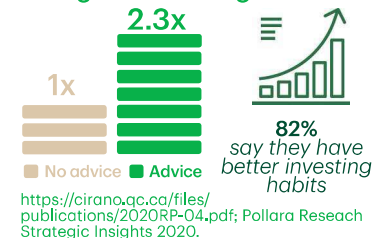
Staying on track — Having a sound financial plan provides a crucial roadmap, but during more challenging market times, support to navigate the uncertainties is important to help keep you on track. A study of nearly 120,000 investors in the U.S. found that a well-structured plan alongside the support of an advisor can be key to staying the course. During the 2020 pandemic, when the U.S. stock market fell 34 percent in just 22 days, over three-quarters of investors who were previously on track with their financial goals remained on target by staying the course, even though their portfolios typically declined by 16 percent (and quickly rebounded).³

Looking beyond investments — Wealth management is about more than just investing and it evolves at each stage of life—from goal planning, such as saving for a first home or child's education, to investment tax planning, retirement planning, business building and succession, estate and legacy planning and intergenerational wealth transfer. I also offer access to a network of experts who can provide specialized support where needed. I am committed to being a resource for you, providing education and insights on factors impacting your wealth so you can make informed decisions. This newsletter is just one way to deliver actionable insights to help better manage your financial position.

I know that, as an investor, you have many alternatives available to you. I remain grateful for your continued trust in my services as we continue to build a secure and prosperous future.

1. Vanguard 2023 Study; 2. https://www.ific.ca/wp-content/themes/ific-new/util/downloads_new.php?id=27821&lang=en_CA; 3. <https://www.morganstanley.com/articles/stock-market-crash-financial-planning>

Advised Clients Have Greater Savings and Investing Habits



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