



Momentum Wealth Management

Momentum Wealth Management – How do we add value?

Matthew Karam CFA, CFP®, TEP, CIM® - Investment Advisor – TD Wealth

Summary

At Momentum Wealth Management, our goal is to provide you with value-added wealth solutions to best achieve your financial goals. We are committed to maximizing your wealth by emphasizing these four core principles:

- Comprehensive financial planning.
- Tax efficient wealth solutions.
- Aligning our compensation structure with your best interests.
- Maintaining a rational and objective view of the markets.

Comprehensive financial planning

We believe a detailed financial plan is the cornerstone of our offering to you. The outcomes from a financial plan provide a roadmap to help guide us to achieve your financial goals. During our discovery process, we will typically cover the following topics:

- Financial Management
- Retirement Assumptions
- Corporation Considerations (business owners)
- Insurance Coverage
- Estate Planning Strategies
- Charitable Giving
- Tax Considerations

We think of a financial plan as a process, and not a product. Goals change over time, and in turn, so do the solutions to meet those goals. The purpose of a customized financial plan is to outline your long and short-term financial goals. Our team of professionals will help determine a course of action to best achieve those goals.



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Here is a summary of our financial planning team:

- *Matthew Karam CFA, CFP®, CIM®* - Investment Advisor
 - o Initial point of contact and creator of the financial plan.
 - o Primary purpose is to find optimal solutions to help achieve your financial goals.

If needed, Matthew will consult with these TD specialists regarding your plan:

- *Maurice Gould C.A. – Vice President and Estate Planning Advisor – TD Wealth*
 - o Maurice will help determine the form of coverage for all your financial and non-financial assets in case of unforeseen events. The strategic use of life, disability, living benefit and annuity products can also help you preserve your wealth, sustain your business and minimize tax obligations.
- *Heather Richardson TEP – Executive Trust Officer – TD Wealth*
 - o Heather helps clients make educated and informed decisions to help ensure the legacy they worked so hard to build is passed on according to their wishes. This includes the value and benefit that a Corporate Executor can provide to clients and their families to ensure the smooth and effective transfer of their wealth.

To summarize, the purpose of a customized financial plan is to outline your long and short-term financial goals. Our team of professionals will help determine a course of action to best achieve those goals.

Tax efficient wealth solutions

A crucial aspect of our asset allocation process is to establish an optimal investment portfolio to help maximize your rate of return after both taxes and inflation. These are just a few tax efficient strategies we consider with our clients:

- Determine the proper allocation of assets between registered (tax sheltered) and non-registered (taxable) accounts.
- Use of tax efficient investment vehicles.
- Passive income and corporate succession planning strategies for business owners.
- Withholding tax planning strategies on foreign investment income.
- Dual citizen asset allocation considerations.

We are also committed to collaborating with your tax advisor (including the recommendations from your financial plan) to help ensure consistency with your existing and future tax strategies.



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Aligning our compensation structure with your best interests

We believe implementing the right compensation structure plays an important role in ensuring your financial advisor has your best interests in mind. For that reason, it is our opinion that a fee-based compensation plan is ideal for facilitating objective financial advice. The concept is simple: a fee-based model imposes an annual fee based on a percentage of your assets.

For example, we do not charge fees for buying and selling investments, annual account renewals, or use investments with redemption costs. Some of the fee-based advantages include:

- Your fee is reduced as your assets grow beyond certain levels.
 - Family accounts are combined for fee purposes (of note, confidentiality is maintained between family members).
- Fees may be tax deductible against income in certain circumstances.
- We are free to reallocate your assets without incurring transaction costs.
- Costs are fully transparent; compensation is not hidden and is reported on an annual basis.

Our clients stand to benefit greatly from a fee-based relationship. We are motivated by preserving and growing your assets over the long-term, not by generating commissions.

Maintaining the right temperament to think of markets in a rational manner

Human behavior plays a significant role in investing. I believe the allegory by famous investor and teacher Benjamin Graham best characterizes the behavioral aspects of the stock market. Graham likens the stock market to a person named 'Mr. Market', who is your business partner. Your partner frequently offers to sell his share of the business or to buy your share. Mr. Market is also manic-depressive, with his estimate of the business's value going from very pessimistic to wildly optimistic. However, you are always free to decline Mr. Market's offer, since he will soon come back with an entirely different offer.

In my opinion, the most important take-away from this description of 'Mr. Market' is that the market is there to serve you, and not to guide you. I also believe the most logical way to approach stock ownership is to view it in the same way you would value a family business. With a family business, you will not receive purchase offers at the same frequently as the continuous buying and selling in the stock market. As a result, a business owner is less susceptible to some of the irrational behavior demonstrated by 'Mr. Market' and is therefore more likely to be focused on the long-term prospects of their business.



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A comment on stock valuation

Stocks essentially have two components that factor into their total return: a return based on the projected future cash flows, and a return based on previous prices. Logically, it is much easier to predict the long-term prospects of a company based on future cash flows especially when a company has demonstrated strong consistent earnings in the past. Other factors that contribute to anticipating cash flows are:

- 1) A durable competitive advantage.
- 2) Strong management committed to maximizing shareholder value.
- 3) Strong and consistent financial earnings.

For the long-term investor, stock valuations based on 'Mr. Market' tend to regress back to rational investment principals, and their mispricing can create tremendous buying opportunities for the patient. In other words, market volatility presents an opportunity to purchase high quality businesses at reasonable prices. Over the long-term, a company will be worth what it can produce, not what it will sell for tomorrow.

We take the same approach to investing - with a strong focus on business fundamentals and long-term returns. Comprehensive portfolio management involves more than just traditional stock and bond analysis; it requires evaluating the entire investment universe to create a portfolio to best meet your needs.

Conclusion

To sum up our value strategy, we focus on four areas of wealth management:

- Financial Planning.
- Tax Efficiency.
- Implementing the Proper Incentive Structures.
- Objective and Rational View of Markets.

As always, we look forward to reviewing these principles with you – whether you are a new or existing client.



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