InTouch

Basic Financial Services Inc. | Sterling Mutuals Inc.
(905) 937-0204 | www.basic360.ca

QUARTER 1 – 2025

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Our customized services include:

- Retirement Income Planning
- Investment Management
- Asset Planning
- Wealth Protection
- Risk Management
- Tax Planning

BASIC FINANCIAL SERVICES INC.

STERLING MUTUALS INC.

Welcome to the Q1 edition of In Touch. We hope this issue provides you with valuable information, which will allow you to make strong financial decisions.

What's Happening

There has been a lot of news lately, both positive and negative, but we are a "glass half full" type of outfit over here at Basic Financial. The team has grown & pivoted this past quarter and we are pleased to share this news with you! Please read on to lean about Kristin, Muhamed & Sabrina.

Licensed Assistant & Client Care

Kristin is a Brock University graduate, a loving mother of two young children, a devout wife and a part-time fitness instructor! She has always had an affinity for helping others whether that be in their personal wealth journey or personal health journey.

Kristin is a highly organized and detail-oriented individual with over 20 years of experience in supporting executives and teams to achieve optimal efficiency and success. Known for her exceptional multitasking skills and proactive approach, she thrives in dynamic environments and is always ready to handle a variety of administrative tasks with precision and professionalism.

Her strong communication abilities enable her to interact effectively with clients, colleagues, and external partners, ensuring smooth and productive interactions. Whether managing schedules, coordinating meetings, preparing reports, or overseeing office operations, Kristin consistently ensures that everything runs seamlessly behind the scenes. Outside of work, Kristin enjoys staying active, reading and spending time with her family.

Please join us in welcoming Kristin to the team!

We have also brought on a Co-op student, Muhamed, back in February. Muhamed is a high school student and is very interested in learning about Financial Planning, Investments, Taxes and Insurance. We are showing him the ropes and training the next generation of advisor & business owner. We look forward to having Muhamed part of the team until his semester is up in June. Welcome Muhamed!

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With a solid foundation in marketing & financial administration, Sabrina has taken on a more active role behind the scenes, streamlining operations and directly contributing to the development and implementation of comprehensive financial plans.

Her attention to detail and dedication ensure that our clients receive the highest quality service as she works closely with the CFP® team to bring tailored financial solutions to life.

In addition to her planning duties, Sabrina continues to contribute to the marketing efforts of the firm, assisting in the development of client-facing materials and strategies that effectively communicate our services and values. Her ability to seamlessly blend her organizational and marketing skills enables her to provide multifaceted support that enhances both internal processes and client engagement.

Market & Economic Update

We write to you at a historic time in our world. The first quarter of 2025 has been full of many challenges to say the least. Tariffs and a global trade war is bringing feelings of uncertainty, fear, confusion and doubt. This update is new but the message from our tariff emails and calls in early February remains the same:

- Stay the course
- Your portfolio was built to withstand or capitalize on this based on your goals
- If you do have concerns, please call or book a meeting to see Mumin or Cody

With markets constantly in flux, it's easy to get caught up in the latest headlines and short-term market movements. It seems everyone is talking about Trump and Tariffs nowadays – at the grocery store, mechanic, between neighbours, and family members. While they are changing how the world does trade / business together and the effects remain to be seen. Successful investing is about focusing on the long-term fundamentals, not reacting emotionally to the noise. We did not know what would cause the next market fluctuations, but the portfolio was prepared for it. One of our most effective strategies to navigate uncertainty is through diversification.

Why Diversification Matters
Diversification is a core principle of sound investing. In short, it means spreading your accounts and investments across various asset classes, sectors, geographies (countries), and companies to reduce the impact of any single market downturn on your overall portfolio. A well-diversified portfolio helps smooth returns over time, mitigating the risk associated with market volatility, which has proven to do well in 2025 once again.

Below is how various markets around the world have performed in the past week, month, year and in 2024.

As at April 11, 2025			Local Currency Returns				Returns in CAD			
Index	Close	Local Currency	1 Week	MTD	YTD	2024	1 Week	MTD	YTD	2024
S&P/TSX	23587.8	CAD	1.70%	-5.34%	-4.61%	17.99%	1.70%	-5.34%	-4.61%	17.99%
S&P500	5363.36	USD	5.70%	-4.43%	-8.81%	23.31%	3.07%	-7.90%	-12.08%	33.88%
NASDAQ	16724.46	USD	7.29%	-3.32%	-13.39%	28.64%	4.62%	-6.84%	-16.50%	39.66%
DJIA	40212.71	USD	4.95%	-4.26%	-5.48%	12.88%	2.34%	-7.74%	-8.87%	22.55%
Russell 2000	1860.2	USD	1.82%	-7.54%	-16.59%	10.02%	-0.72%	-10.90%	-19.58%	19.45%
FTSE 100	7964.18	GBP	-1.13%	-7.21%	-2.56%	5.69%	-2.17%	-9.46%	-1.78%	12.78%
Euro Stoxx 50	4787.23	Euro	-1.87%	-8.79%	-2.22%	8.28%	-0.77%	-7.69%	3.44%	10.29%
MSCI Europe	2104.24	Euro	1.12%	-4.37%	5.06%	-0.87%	-1.40%	-7.84%	1.29%	7.63%
DAX 30	20374.1	Euro	-1.30%	-8.07%	2.34%	18.85%	-0.20%	-6.97%	7.90%	21.45%
Nikkei 225	33585.58	JPY	-0.58%	-5.70%	-15.81%	19.22%	-0.76%	-5.06%	-11.13%	16.20%
Hang Seng	20914.69	HKD	-8.47%	-9.54%	4.26%	17.67%	-9.68%	-12.52%	0.71%	28.43%
Shanghai Comp.	3238.23	RMB	-3.11%	-2.92%	-3.39%	12.67%	-4.83%	-6.90%	-6.76%	18.94%
MSCI ACWI	790.63	USD	3.45%	-4.42%	-6.03%	15.73%	0.87%	-7.89%	-9.40%	25.64%
MSCI World	3471.28	USD	4.30%	-4.34%	-6.38%	17.00%	1.76%	-7.81%	-9.74%	27.02%
MSCI EM	1045.2	USD	-3.90%	-5.10%	-2.81%	5.05%	-6.29%	-8.55%	-6.30%	14.06%
Russell 1000 Growth	3529.06	USD	7.56%	-2.88%	-12.70%	32.46%	4.88%	-6.41%	-15.83%	43.81%
Russell 1000 Value	1734.57	USD	3.37%	-6.40%	-4.90%	11.94%	0.79%	-9.81%	-8.31%	21.53%

Source: Fidelity Investments Canada

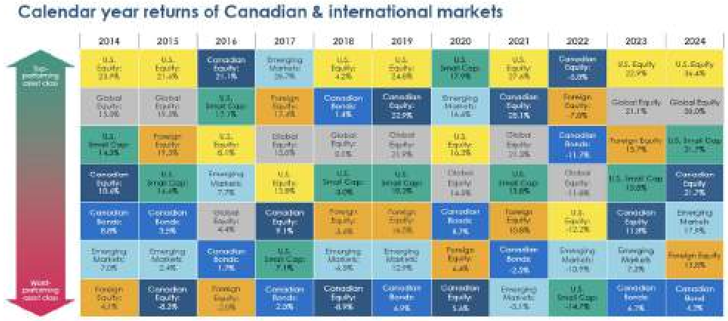
As you can see, there are MANY INVESTMENT MARKETS that we follow for you:

- Germany (DAX 30)
- Japan (Nikkei 225)
- Canada (S&P/TSX)
- US (S&P 500, DJIA, NASDAQ, Russell 1000 Growth)
- And many more that were not shown above

Historically, the US markets have performed the strongest as you can see in the past 10 years (chart below). This is part of why we have strong confidence investing in the US markets for the long-term. Each year however, is different and 2025 may be a year where other countries perform better hence why spreading out your investments ahead of time is so important.

Performance varies year to year

Calendar year returns of Canadian & international markets



Sources: Fidelity Management & Research Company, Refinitiv DataStream. Total returns in CDN$. Note: It is not possible to invest directly in an index. Asset class performance represented by: foreign equity: MSCI EAFE Index; global equities: MSCI World Index; emerging markets equity: MSCI Emerging Markets Investable Market Index; U.S. equity: S&P 500 Index; U.S. Small Cap: Russell 2000 Index; Canadian equities: S&P/TSX Composite Index; Canadian bonds: FTSE Canada Universe Bond Index. As at December 31, 2024.

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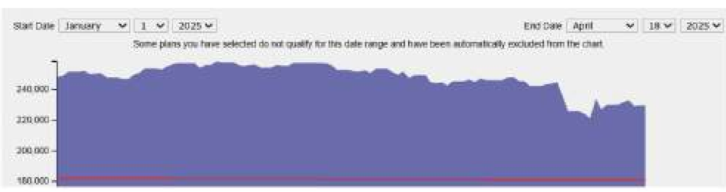
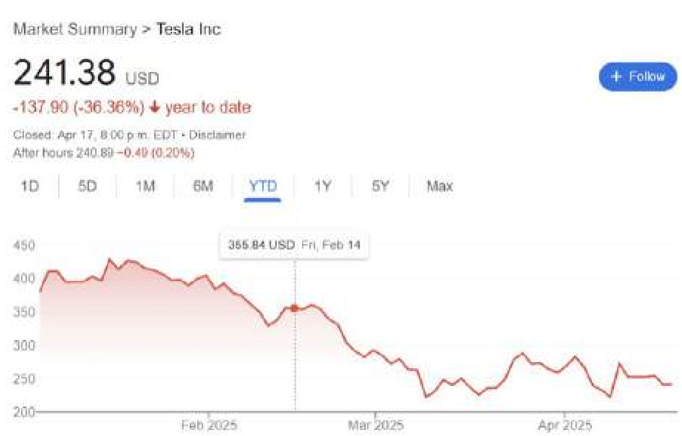
Staying Committed to Your Strategy

Instead of reacting to daily market fluctuations, we encourage investors to focus on their long-term financial goals. Staying disciplined and maintaining a diversified portfolio aligned with your risk tolerance is key to navigating market uncertainty successfully. For example, while some markets may be down 15-20% since January 1st, 2025 as of time of writing (mid April), our Balanced Portfolio is down only 7.17% during the same time period.

	Jan 1, 2025	Apr 18, 2025
Market Value	248,468.40	229,785.69
Net Invested		-893.93
Loss		17,788.78
Rate of Return (simple)		-7.17



We, like you – do not enjoy the negative years in the market. It is never fun nor easy seeing investment balances decline. But we are confident in our strategy and what changes the investment managers are making behind the scenes. They are looking for opportunities and where the best places / companies to invest are. This is another reason why our strategy of diversification is so important and how our portfolio has fared well this year compared to the markets or individual companies. Take Tesla as an example – it is down over 36% this year. Some investors have all of their holdings in just Tesla stock.. yikes.



As mentioned, your investment managers are making changes behind the scenes to be more defensive at this time while looking to capitalize on global opportunities. Here are some highlights from a recent call we had with Mark Schmehl – Fidelity Canadian Growth Companies and Global Innovators Portfolio Manager.

1. He sees a lot of shifting gears in the market.
2. Portfolio looks very different from what it did on Dec 31, 2024. He has reduced risk.
3. Stocks all around the world are cheap relative to the US. Still believes there are lots of opportunities out there where the fund can make some real money.
4. He's in a great position for continued weak markets, he 'has a lot of bullets', can deploy capital if things start to turn.
5. Never owns auto stocks, terrible business. Doesn't own anything in Canada that would be impacted by tariffs.
6. Canadian land lock oil distribution is a problem, hopefully this will finally cause the Canadian government to fix that problem.
7. He's trying to avoid complex areas to invest which North American equities are right now.
8. Starting to look at Europe again, starting to get better.
9. Companies are more cautiously spending: hiring, investment, etc.

The Dangers of Reacting to Market Noise

The media – both financial media and social networks focus on heightening short-term concerns, making it tempting to react impulsively and emotionally to headlines. Market corrections and volatility are natural parts of investing, and history shows that markets tend to recover over time. Investors who make decisions based on short-term noise often miss out on the long-term benefits of staying invested. Take the below chart for example. Someone who invested $1,000,000 in 2007 before the financial crisis of 08/09 and stayed invested ended up with $1,205,940 by April 2020. Someone who sold to cash for 5 years (avoiding risk and opportunity) and then went back to their balanced portfolio of 60/40 (60% growth and 40% income) after the 5 years, missed the market comeback and ended up at $276,361 by April 2020. Nearly a $1million difference by staying invested even if times were tough and trusting the process/ strategy in place. It is an important concept to remember, time in the market wins out, not trying to time the market.

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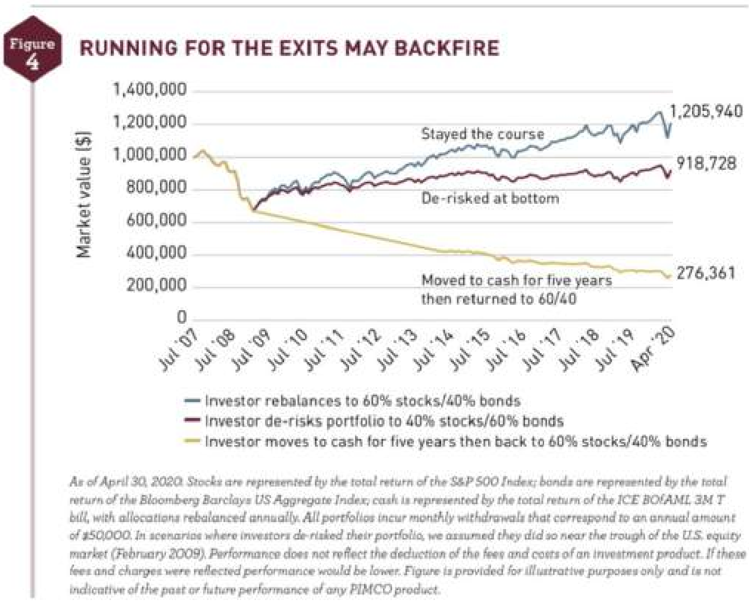
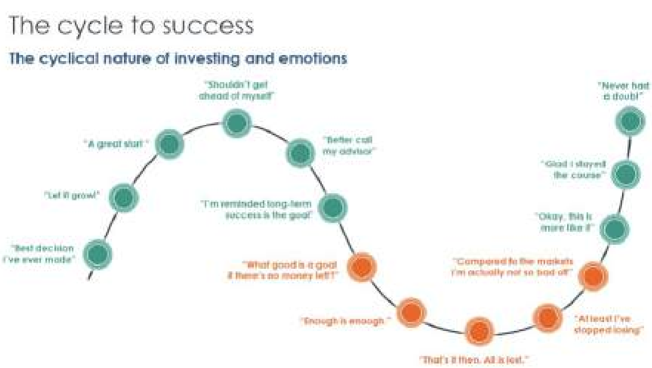


Source: PIMCO

This too is short-term even though it may not feel like it. I am not sure where we are on the emotion chart below, it is unique to each of you. But wherever you are, if you have concerns, please phone the office to speak with Mumin or Cody.



Source: Fidelity Investments Canada

What this means for Basic Financial Services: Our funds view and outlook
We continue to monitor the markets and our portfolio. We are confident in our strategy of having a diversified portfolio with a mix of active managers and passive managers which continues to outperform our peers. We have designed the portfolio to help ride out any potential future market volatility and are not making any major changes at this time. Thank you for your trust and commitment to long-term financial success.

As always, please feel free to reach out if you have any questions, comments or would like to book some time to review your specific situation. We offer both face-to-face or electronic meetings via Zoom. If you feel the information above may be helpful to a family member or friend, feel free to share or visit our website www.basic360.ca

Sincerely, your team!

Article of Interest

Four common reasons clients are forced to retire early

By Deanne Gage

The financial independence, retire early (FIRE) movement may be all the rage for younger generations, but unexpected early retirement is becoming more common for Generation X clients, some advisors say.

Here are four common reasons advisors are seeing clients leave their careers earlier than planned:

Packaged out
Justine Kelly, personal financial planner at Modern Cents in St. Thomas, Ont., often works with clients who've spent their careers with one employer only to be downsized, restructured or offered buy-out packages in unstable economic conditions.

"They were planning on staying with that company until their planned retirement age but were forced out earlier," she says.

Some clients may be confident they have enough to retire on even though their retirement date moved up considerably. Step one is a financial plan review, revisiting the what-if scenarios and seeing how the assets line up to manage an earlier retirement.

Ms. Kelly looks at the client's expenses and, in the case of the buyout, she runs projections to see if the amount is sustainable for a longer period of time. She also considers the tax options available on the buyout.

"If they have a buyout of one to two years' worth of salary and it's all paid out in the calendar year, we need to plan so it doesn't get eaten up by taxes," she says.

Cody Weber, owner and certified financial planner (CFP) at Basic Financial Services Inc. in St. Catharines, Ont., also works with clients who've been downsized. As he crunches the numbers, some may need additional income from a part-time job or to revise their budgets to get by with less.

Burned out

Hervin Pesa, CFP at Aware Financial Inc. in Calgary, is seeing an increase in people retiring sooner for their mental health.

"Everyone pictures some sort of accident in which you're no longer able to work and your plan changed," he says. "But it's not always a cancer diagnosis. They may be just exhausted."

Mr. Weber has seen clients who have just had enough of their jobs. After being asked to do more with less and work longer hours on shorter deadlines, the client decides to stop working.

Often, these clients want to figure out the financials later. Thankfully, Mr. Weber says, in most cases, the clients have enough to retire or, as part of his annual review process, they make adjustments to ensure they do have enough.

Assisting children or grandchildren

While financially assisting adult kids is typical these days, Ms. Kelly also sees many clients taking on full-time caregiving roles for their grandchildren.

"It's more common than people realize and it's not talked about enough," she says, pointing to cases in which adult children have addiction or mental health issues and can no longer take care of their child. Grandparents step in and have to revamp their idea of retirement completely.

The shift can be a shock, so Ms. Kelly says advisors should give clients time to process the emotional adjustments.

Mr. Weber also sees grandparents taking a more active role. Learning how to communicate and listen empathically about life curveballs is one reason why he decided to certify as a financial life planner.

"Difficult times are very emotional, so just being supportive and someone they can chat with about these changes is helpful," he says.

The parents may be struggling to afford mortgage payments, food and daycare, or may have lost their job and need full-time childcare from the grandparent. "It puts pressure on the grandparents to set aside their own financial needs," he says.

Some are happy to do so, but others resent what they call a "forced obligation." Mr. Weber says it depends on their original retirement vision, which may have included grandparenting responsibilities but not to the same extent.

Health issues

When a client or their spouse is suddenly diagnosed with a critical illness, priorities can dramatically change. Many focus on accessing better health care or spending more time with their family and close friends, and they aren't as concerned with longevity planning, Ms. Kelly says; they want to spend on things now versus making the money last.

In cases in which the client's health outcome is unknown, Ms. Kelly may advise clients to take government entitlements such as the Canada Pension Plan at age 60 versus waiting to receive a higher payout at 70.

Other clients retire to care for aging parents who require a full-time caregiver. The client may not be able to afford a personal service worker or around-the-clock care, and the parent may be on waitlists for long-term care homes, so they take on the role themselves, Mr. Weber adds.