InTouch

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

QUARTER 3 – 2025

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Our customized services include:

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

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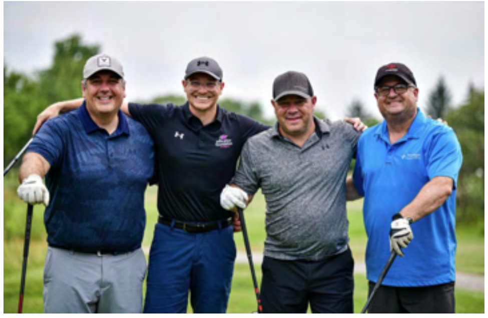
Welcome to the Q3 edition of In Touch. We hope this issue provides you with valuable information, which will allow you to make strong financial decisions.

What's Happening

We hope you found the time to relax and recharge this summer! As we enter the Fall season and weather (bring on those cozy sweaters!!), we are amping up review meetings and year-end tasks. In a year of market swings, tax changes and everything in between our team has been hard at work looking after your investments and financial picture. We are happy with the results this year and will continue to monitor the markets closely. If any thoughtful, strategic decisions to help your portfolio need to be made we will be in touch ensuring those decisions are aligned with your long-term goals.

While not in the office we have been active in supporting local charities. Basic Financial was able to participate in a few charity events this year and provide funding for others that are important to some of you and our firm. Here are the guys at an Education Foundation of Niagara Golf Tournament back in July helping the organization raise over $30,000 for local DSBN children in need. They also supported Big Brothers Big Sisters of Niagara amongst others.



Market & Economic Update

Q3 2025 Market Update: Stocks Rally Despite Global Uncertainty
The third quarter of 2025 was another reminder that market fluctuations are common and can climb even when the news or media are constantly providing negative headlines. Despite worries about tariffs, inflation, and uneven global growth, both Canadian and global stock markets delivered strong gains, finishing the quarter near record highs. We are extremely pleased with our portfolios and how they have performed.

Canada: Resilient and Leading the Way
While trade tensions — especially around U.S. tariff policies — created uncertainty early in the quarter, investors appeared to look past those short-term risks.

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The **S&P/TSX Composite Index climbed roughly 12–13%**, one of the best quarterly performances in recent years. The returns are impressive considering the challenges facing the global economy.

Several factors helped lead the charge:
- Energy and materials benefited from higher commodity prices and renewed optimism around global demand.
- Financials gained as banks continued to post solid profits.
- Technology also had a strong showing, as Canadian firms rode the wave of innovation in AI and digital services.
- New trading deals under Prime Minister Mark Carney.

United States: Solid but Slower
- U.S. markets also moved higher, but at a slower pace than earlier in the year. The S&P 500 climbed roughly 8 %, mostly from large tech and AI companies.
- Inflation cooled somewhat, but the U.S. Federal Reserve lowered rates just once with a few more scheduled for 2025 and 2026. They want to see clearer progress before lowering rates.
- The U.S. labour (job) market remained resilient, though signs of slower job growth and lower consumer spending hinted at a gradual cooling.

🌍 Global Picture: Mixed Signals but Positive Momentum
Outside of North America, the story was more mixed but still encouraging:
- Europe showed modest growth as inflation eased and central banks paused rate hikes.
- Asian markets, particularly Japan and India, continued to attract investor interest due to strong corporate earnings and reform-driven growth.
- China remained a question mark. Weak real estate activity and slowing exports weighed on confidence, though the government introduced new stimulus measures to support growth.

💰 Central Banks: Walking a Tightrope
Around the world, central banks spent much of the quarter balancing two competing goals:

1. Keeping inflation under control, and
2. Avoiding too much damage to growth.

In Canada, the Bank of Canada held rates steady and signaled patience, noting that while inflation has eased from last year's highs, it's not yet at the 2 % target.

The central bank acknowledged that higher borrowing costs have limited housing and consumer spending, but wage growth and services inflation remain elevated. Markets now expect possible rate cuts in early 2026, depending on how quickly inflation falls in the months ahead.

🌐 The Big Picture: Why Markets Are Looking Ahead
Despite short-term worries — tariffs, inflation, and global growth — investors appear increasingly optimistic about the next 12 months. Many expect that interest rates have likely peaked, setting the stage for lower borrowing costs and improved economic conditions in 2026.

Corporate earnings in many regions surprised to the upside, and with valuations outside the U.S. still reasonable, international markets offered attractive opportunities for diversified investors.

What this means for Basic Financial: Our funds view and outlook

1. **Stay diversified.**
   Canada had a standout quarter, but that can shift quickly. Keeping exposure across Canada, the U.S., and global markets helps smooth returns over time.

2. **Don't try to time the market.**
   Q3 2025 is a perfect example — despite worrying headlines about trade and inflation, markets moved higher. Staying invested through volatility remains one of the most reliable paths to long-term success.

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.

If you have concerns or questions – call us or book a meeting! We offer both in person and online meetings via Zoom. During your conversations with friends, family, neighbours – if you feel the information above may be helpful to them, feel free to share our information.

Sincerely, your team!

Sources:
https://global.morningstar.com/en-ca/markets/canadian-stock-market-powers-through-tariff-uncertainty-record-highs-q3
https://www.sunlife.ca/en/investments/market/2025-q3-update/

Article of Interest

The Year Before Retirement: 15 Key Steps To Retire Fully Alive After 55

By Cody Weber, CFP®, RRC

There's a moment in life that sneaks up on you.

For years, retirement sits somewhere out there in the distance—an idea you'll "get to eventually." You're busy building your career, raising a family, paying off debts, and saving for tomorrow. But then it happens. You look at the calendar and realize: retirement isn't far off anymore.

Maybe it's a year away. Maybe six months. Maybe less.

That realization can hit hard. Excitement? Yes. Fear? Absolutely. But here's the thing: the year before retirement isn't just a countdown. When done well, it's your chance to take charge, design the life you want, and step into a future that's fully alive.

This isn't about easing into retirement quietly. It's about preparing financially and emotionally for the adventure ahead.

One Year Out: Laying the Foundation

The 12-month mark is a turning point. This is when you shift from *saving for the future to designing your future.*

Here are the key moves one year out:

- Understand Your Investments & Risks
  Know your allocation—stocks, bonds, cash—and if you have the right risk level for retirement. It's also a good time to see how they have performed and if any changes need to be made. Make sure your plan reflects your comfort, your timeline, and your goals.

- Confirm Your Income Sources
  Know exactly what your "retirement paycheque" will look like—CPP, OAS, pensions, RRIF withdrawals, investments. This is where your hard saved / earned money starts paying you back!

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- **Decide on Your CPP/OAS Strategy**
  When to start these benefits is one of the most important decisions you'll make. Run the numbers. Talk with your planner. Choose a path that balances income needs, longevity risk, and peace of mind.

- **Check Your Benefits**
  Some benefits may end after you retire. Others carry forward. Understanding the difference could save you thousands.

- **Update Your Estate Plan**
  Get your Will & Powers of Attorney for Property and Health up to date. Too many people put this off. Please don't, do it for your family. Protect them and make their life easier. You may know what you want to happen in your head but without it on paper, it dies with you.

- **Build Your Bucket List**
  Write down experiences you want to have, places you want to visit, and dreams you've set aside.

- **Expand Your Social Circle Beyond Work**
  For years, coworkers may have been your primary source of connection and belonging. One year out, begin building friendships and connections outside of work. You are the average of the 5 people you spend the most time with. Who do you want that to be in retirement?

- **Define Your Purpose**
  This is a big one. You're not just retiring from work—you're retiring to something. What does that look like for you? More time with family? Volunteering? Hobbies? Travel? Creative work? This is the time to explore.

At this stage, you're planting seeds. The next 12 months aren't just about preparation—they're about imagining and testing the life you're moving toward.

Six Months Out: Fine-Tuning the Details

By the six-month mark, the countdown gets very real. This is the "practice lap" before the big race.
It's time to make sure all the pieces are in place:

- **Update Personal Information**
  Make sure everything important is off your work computer and transferred to your personal accounts.

- **Build Your Emergency Fund**
  Aim for 6–12 months of annual expenses set aside somewhere accessible like a savings account. This gives you a cushion and the confidence to weather surprises.

- **Use Up Your Benefits**
  If you've got extended health coverage, now's the time to get those new glasses, dental work, or even a massage!! Don't leave money on the table!

- **Consider Retirement Purchases**
  Planning to buy a camper, golf clubs, or even a new car? Doing it while you still have employment income may make more sense than waiting and get you in the habit that it's okay to spend money that fits within your spending plan (budget).

- **Schedule Your First 6–12 Months of Retirement**
  Here's a secret: the biggest risk in retirement isn't running out of money….. it's running out of purpose. That's why I encourage my clients to map out the first year and ensure it is full of time spent on items important to them.

- **Celebrate the Transition**
  Plan your own version of a retirement celebration. A dinner, a trip, whatever comes to mind for you. This is your moment. You've earned it.

Six months out is about tuning the engine. Making sure everything is ready to run smoothly when you cross that finish line and step into the next chapter.

The Emotional Side of Retirement

It's easy to focus only on the numbers. And yes, your finances matter. But ask anyone who's retired, and they'll tell you: the biggest challenge isn't financial. It's emotional.

Who are you when you're no longer defined by your work?

How will you spend your time when every day is a Saturday?

Who will you spend it with?

These aren't easy questions, but they're the questions that matter most. And the year before retirement is your chance to start answering them.

Why a Checklist (and Guide) Matters
Transitions can be overwhelming. That's why I created my **Pre-Retirement Checklist** and **Retirement Planning Guide.**

- The **Checklist** gives you the practical steps at 5 years, 3 years, 2 years, 1 year, and 6 months from retirement. Client's have mentioned that printing it off and keeping it in the house is best as they can see progress by ticking off tasks. They know when they are on track or have more steps to do.

- The **Guide** ties it all together—finances, lifestyle, health, and purpose. It's not just about retiring from work—it's about designing a life that feels fully alive.

Together, they take what feels overwhelming and make it simple to follow. Step by step.

Your Next Step
If you're within one year of retirement—or even just starting to see it on the horizon—don't leave this transition to chance. Step into it with intention.

I've created the Guide and a Checklist to help you make the leap with confidence.

👉 Comment below with "Guide and Checklist" and I'll send them your way.

This next chapter only happens once. Let's make it the one where you feel fully alive.