

September 2025 Financial Planning Email Update

It has always been our goal in investment planning to continually develop a professionally managed portfolio with a long-term focus based on everyone's risk tolerance utilizing five key components.

1. Diversification of management styles and philosophy. A manager could be growth oriented or value oriented with a research orientation beginning with individual companies (bottom up) or taking a macro view first (top down) or some variation of these. As a sample, we demonstrate this level of diversification by looking at the makeup of the management team, style and process of our top six most highly recommended low to medium risk funds found at the end of this update.
2. Diversification of asset classes and sectors.
3. Ensuring we only hold top rated portfolio managers generating above average long-term rates of return.
4. Our recommended portfolios are balanced between equities and bonds to minimize volatility.
5. Geographic diversification when beneficial.

As we consider any 10-year period to be the long term let's look at what actually happened in the past 10 years by first looking at all of the economic, social, political and environment issues we faced followed by our investment return results.

Timeline of Major Global Events (2015–2025)

2015–2019: Pre-Pandemic Era

- 2015: Paris Agreement signed by 196 countries to combat climate change.
- 2016: Brexit referendum; UK votes to leave the EU. Donald Trump elected U.S. President.
- 2018: Trade war begins between the U.S. and China. Global climate protests intensify.
- 2019: Amazon rainforest fires spark global outrage. Greta Thunberg addresses the UN.

2020–2021: Pandemic and Global Disruption

- 2020: COVID-19 pandemic begins, causing global lockdowns and economic collapse.
- 2020: Black Lives Matter protests erupt globally after George Floyd's death.
- 2021: Vaccine rollout begins worldwide.
- 2021: U.S. Capitol riot on January 6.
- 2021: COP26 climate summit in Glasgow sets new climate goals.

2022–2023: War, Inflation, and Climate Action

- 2022: Russia invades Ukraine in February.
- 2022: Global inflation spikes due to war and supply chain disruptions.
- 2022: COP27 held in Egypt; focus on climate finance.
- 2023: Israel-Gaza conflict begins in October.
- 2023: AI technologies like ChatGPT and DeepSeek gain global traction.
- 2023: Severe wildfires and floods hit North America and Europe.

2024: Political Shifts and Rising Tensions

- 2024: U.S. presidential election: Donald Trump wins a second term.
- 2024: Collapse of Germany's coalition government; far-right gains ground.
- 2024: Kenya sees deadly protests over economic hardship and police brutality.
- 2024: AI regulation gains momentum with the EU's AI Act.

2025: A Year of Transformation

Politics:

- Trump's inauguration sparks protests and global policy shifts.
- Over 110 armed conflicts ongoing globally.
- G7 leaders move toward recognizing a Palestinian state.
- Belarus and Myanmar elections deepen authoritarian trends.

Economy:

- Global growth slows to ~2.8% amid trade tensions.
- Trump imposes sweeping tariffs, reshaping global trade.
- Germany faces recession; South Sudan suffers economic collapse.
- Environment:
 - Record-breaking climate disasters: floods, droughts, wildfires.
 - Green hydrogen and energy storage technologies expand.
 - Renewables become cheaper than fossil fuels in most regions.

Technology & Society:

- AI revolution accelerates; Microsoft and Nvidia hit \$4 trillion market caps.
- Quantum computing breakthroughs redefine cybersecurity.
- CRISPR-based therapies enter commercial use.
- Social polarization and misinformation rise sharply.

Based on the above, I think we can all agree that the past 10 years have been a tumultuous time. You as an individual investor with your own personal emotions may have found it very difficult to make the correct investment choices and may very well have shied away from investing altogether. But with our well-managed, balanced, diversified and professionally managed recommended portfolio you were able to stick

with your investment position and as a result were able to achieve significant results. Our recommended low to medium risk portfolio achieved the following average annual compound rates of return as of August 18, 2025, 1 year 9.74%, 5 year 8.18% and 10 year 6.01%. Our recommended medium risk portfolio achieved the following average annual compound rates of return as of August 18, 2025, 1 year 11.55%, 5 year 10.98% and 10 year 7.70%. All returns are net of management and advisor fees/trailing commission and management expenses. The Morningstar balanced benchmark for the same period was 1 year 9.52%, 5 year 6.71% and 10 year 5.05%, thereby beating the benchmark in both risk categories in every time period.

As referred to earlier, the following is a summary of the management team, management style and investment process of six of our highly recommended low-to-medium risk rated funds.

1. Dynamic Equity Income Fund:

Managers:

- **Oscar Belaiche:** Senior Vice President & Portfolio Manager. He joined Dynamic in 1997 and has **over 40 years of experience** in investment, business operations, and corporate banking
 - **Jason Gibbs:** Vice President & Senior Portfolio Manager, Co-Head of the Equity Income Team. He began his investment career in **2002** and has a background as a CPA and CFA
 - **Tarun Joshi:** Portfolio Manager. Joined the team in **2018**, promoted to Portfolio Manager in **2023**. He has a background in engineering and equity research
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Investment Team:

- The **Equity Income Team** consists of **23 professionals**, including portfolio managers, associate portfolio managers, analysts, and a director of research
 - The team manages **over \$55 billion** in assets and covers **all 11 GICS sectors** across **Canadian, U.S., and global markets**
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Management Style:

- The team follows a **multi-manager approach**, promoting collaboration, continuity, and development.

- Their style emphasizes **capital preservation, income generation, and growth**, using a disciplined and rigorous process supported by daily sector updates and weekly meetings
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Investment Process:

- The fund uses the **QUARP® (Quality at a Reasonable Price)** approach:
 - Focuses on **best-in-class businesses** with strong balance sheets and proven management.
 - Targets companies with **predictable free cash flow + growth (FCF + g)**.
 - Combines **top-down macro analysis** with **bottom-up fundamental research**.
 - Evaluates both **quantitative** (e.g., ROE, margins, debt levels) and **qualitative** (e.g., management quality, industry positioning) factors

2. Mackenzie Bluewater Canadian Growth Balanced Fund:

Fund Managers:

- **David Arpin, MA, CFA** – Senior Vice President, Portfolio Manager, Team Co-Lead. Investment experience since **2012** announced his retirement effective December 2025.
- **Shah Khan, MBA, CFA** – Senior Vice President, Portfolio Manager, Team Co-Lead. Over **15 years** of experience, trained under Dina DeGeer
- **Tyler Hewlett, CFA** – Senior Vice President, Portfolio Manager.
- **Dave Taylor, CFA** – Vice President, Portfolio Manager.
- **Felix Wong, MBA, CFA** – VP, Portfolio Manager. Investment experience since **1988**

Investment Team:

- The **Bluewater Team** is a boutique group within Mackenzie, consisting of **four core equity managers**

- The fund also integrates expertise from the **Mackenzie Fixed Income Team** and **Multi-Asset Strategies Team**, expanding the team size significantly

Management Style:

- The fund employs a **bottom-up stock selection** approach with **top-down macro awareness**.
- Focuses on **high-quality companies** with strong management and sustainable competitive advantages.
- Fixed income sleeve uses a **Core Plus strategy**, including investment-grade and high-yield securities to enhance returns and reduce interest rate risk

Investment Process:

- The team narrows the investable universe to companies expected to generate and grow **free cash flow above market averages**
- Qualitative analysis emphasizes **management quality** and **competitive positioning**.
- Portfolio weights typically range from **2% to 5%**, with an average holding period of **2.5 years**
- The fund avoids sectors like energy when secular trends suggest long-term headwinds (e.g., shift to electric vehicles)

3. Invesco Income Growth Fund:

Fund Managers:

- **Clayton Zacharias, CFA, CPA, CA, BBA** – Senior Portfolio Manager (Equities)
- **Alan Mannik, CFA, MBA** – Senior Portfolio Manager (Equities)
- **Matthew Brill, CFA** – Head of North America Investment Grade (Fixed Income)
- **Todd Schomberg, CFA** – Senior Portfolio Manager, Invesco Fixed Income
- **Michael Hyman, BSc, MBA** – Chief Investment Officer, Global Investment Grade and Emerging Markets
- **Anthony Rago** – Portfolio Manager (Equities)

Investment Team:

- The fund is managed by a **multi-disciplinary team** combining equity and fixed income specialists.
- The equity team focuses on Canadian and global companies, while the fixed income team emphasizes investment-grade corporate bonds

Management Style:

- The fund is a **core Canadian balanced fund** with a **mid-to-large-cap focus**.
- It balances **growth potential from equities** with the **stability and income generation of fixed income**.
- Asset mix typically ranges from **45% to 75% equities** and **25% to 55% fixed income**, allowing flexibility based on market conditions

Investment Process:

- The equity portfolio is **concentrated**, holding around **25 to 35 companies**.
- The fixed income sleeve is primarily **investment-grade**, with a focus on **corporate bonds** to enhance yield.
- The team actively adjusts allocations to respond to **relative risk/reward** between equities and bonds

4. CI Canadian Balanced Fund:

Fund Managers:

- **Kevin McSweeney, MBA, CFA** – Senior Vice President, Portfolio Manager & Lead for Canadian Equities. He has been in the financial services industry since **2000** and with CI since **2008**
- **John Shaw** – Senior Vice President, Portfolio Manager for Fixed Income

Investment Team:

- The fund is managed by CI Global Asset Management's **Canadian Equities and Fixed Income teams**, which include specialists across asset classes and sectors
- The broader CI team includes **over 100 investment professionals**, though the core team for this fund is more focused

Management Style:

- The fund uses a **balanced approach**, investing in both **Canadian equities** and **fixed income securities**.
- It allows up to **49% in foreign securities**, providing global diversification
- The strategy is suitable for investors seeking **medium-term growth** with **low to medium risk tolerance**

Investment Process:

- The equity portion targets **high-quality Canadian companies** with strong fundamentals and growth potential.
- The fixed income sleeve includes **government and corporate bonds**, aiming for income and capital preservation.
- Asset allocation decisions are made by the portfolio managers based on **market conditions, economic outlook, and risk-reward assessments**

5. Fidelity Canadian Asset Allocation Fund:

Fund Managers:

- **David Tulk** – Portfolio Manager, joined Fidelity in **2016**, member of the **Global Asset Allocation (GAA)** team
- **David Wolf** – Co-Portfolio Manager, former policy advisor to the Governor of the Bank of Canada
- **Geoff Stein** – Former Co-Portfolio Manager, now **Chief Investment Officer** of the GAA team

Investment Team:

- Managed by Fidelity's **Global Asset Allocation (GAA) team**, which uses a **team-based approach**.
- The GAA team includes multiple portfolio managers and analysts, with **no single individual solely responsible** for allocation decisions

Management Style:

- A **core balanced fund** with a **neutral mix of 70% equities and 30% fixed income**
- Actively managed with flexibility to invest up to **40% in foreign markets**.
- Designed for investors seeking **diversified exposure** and **moderate risk**.

Investment Process:

- Employs **active asset allocation** to capitalize on market opportunities.
- Equity exposure includes **Canadian and foreign equities**, while fixed income includes **Canadian and foreign bonds**.
- Portfolio is diversified across sectors and geographies, with top holdings including **TD Bank, Royal Bank, Shopify, and Brookfield**

6. Manulife Monthly High Income Fund:

Fund Managers:

- **Roshan Thiru**
 - **Prakash Chaudhari**
- Both are part of **Manulife Investment Management Limited**

Investment Team:

- The fund is managed by a **multi-manager team** at Manulife Investment Management.
- The team includes specialists in **equities, fixed income, and asset allocation**, contributing to a diversified and collaborative approach

Management Style:

- The fund is a **Canadian Neutral Balanced Fund**, aiming to provide a **steady flow of monthly income** and **capital growth**.
- It invests primarily in **Canadian fixed income** and **large-cap Canadian equity securities**.
- It may also include **royalty trusts** and **real estate investment trusts (REITs)**

Investment Process:

- The fund uses a **bottom-up security selection** process, focusing on **high-quality income-generating assets**.
- Asset allocation is actively managed to balance **income generation** with **capital preservation and growth**.
- The portfolio is diversified across sectors and geographies, with top holdings including:
 - Microsoft, Alphabet, Berkshire Hathaway (U.S. equities)
 - Royal Bank of Canada, Constellation Software, Shopify (Canadian equities)
 - Publicis Groupe (international equity)

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Have a great day!

Respectfully Yours,

Gary



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