



Wealth Insights

TD Wealth Private Investment Counsel

Spring 2025



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 advisors, we 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

In This Issue

Clarifying Capital Gains Inclusion Confusion	2
Be Aware of the Impact of Currency Risk	2
How Many Digital Accounts Do You Hold?	3



The Barrasso Manitaros Papadopoulos Group

TD Wealth Private Investment Counsel

With over 85 years of combined industry experience, we are dedicated to delivering customized investment management solutions to a select group of high-net-worth individuals, families, charities, estates & trusts and businesses.

To Our Clients:

The evolving tariff situation has been unsettling for many. We 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. We hope this moment sparks positive economic change. Indeed, 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.

— Michael, Jimmy, Paul, Michael, Christine & Michelle

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>

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>

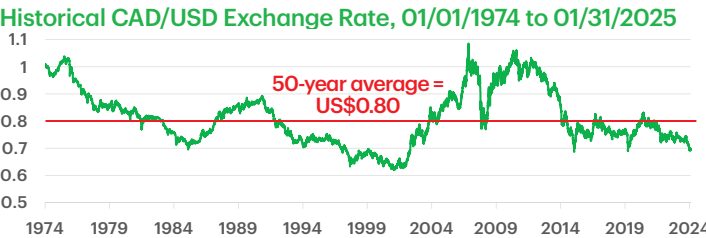
The Plight of the Loonie: Be Aware of the Impact of Currency Risk

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).



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?

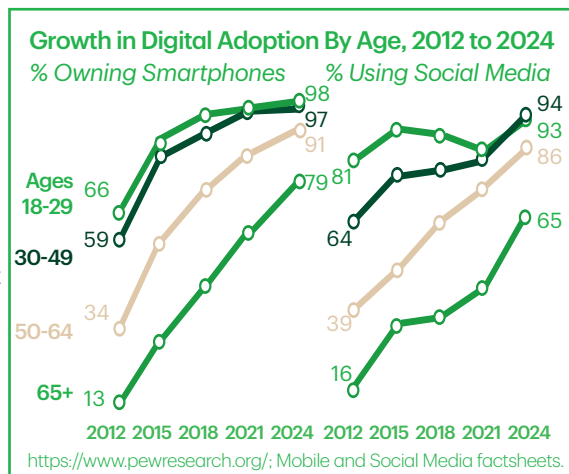
How many digital accounts do you have? According to one source, the average person holds around 100.¹ While this might seem high, it can quickly add up when factoring in email, social media, financial, entertainment, retail and other services.

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.
- 4. Think before you post.** Be mindful about sharing personal or financial details online, especially on public platforms.

Notify friends and family if your accounts are being spoofed.

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-finance/article-ai-powered-scams-protect-yourself-in-the-new-era-of-hyper-personalized/; 3. www.edmontonpolice.ca/CrimePrevention/PersonalFamilySafety/Frauds/Identity/ObituaryFraud

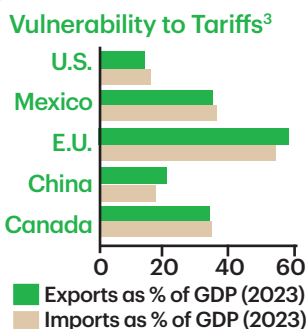
In Brief: Four Perspectives on Canada & U.S. Trade

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



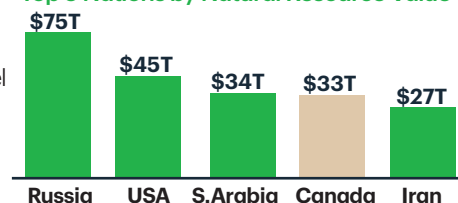
4. The U.S. relies on Canadian oil and critical minerals. Refiners in the U.S. Midwest import around 3 million barrels of Canadian oil per day and have no viable alternative.⁴ Canada also ranks 4th globally in natural resource value.⁵

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).



Top 5 Nations by Natural Resource Value⁵



The Barrasso Manitaros Papadopoulos Group — TD Wealth Private Investment Counsel

5140 Yonge Street, Suite 1600, North York, ON M2N 6L7

<https://portfolio-managers.td.com/TheBarrassoManitarosPapadopoulosGroup/>

Michael Barrasso
Senior Portfolio Manager
416 308 4703
Michael.Barrasso@td.com

Jimmy Manitaros, CFA
Senior Portfolio Manager
416 308 9211
Jimmy.Manitaros@td.com

Paul Papadopoulos, CFA
Senior Portfolio Manager
905 660 4853
Paul.Papadopoulos@td.com

Michael Wilkins
Associate Portfolio Manager
416 445 7387
Michael.Wilkins@td.com

Christine Behesinilian
Private Client Service Associate
416 983 4974
Christine.Behesinilian@td.com

Michelle Li
Private Client Service Associate
416 965 6236
Michelle.Li@td.com

**The Barrasso
Manitaros
Papadopoulos
Group**



The Barrasso Manitaros Papadopoulos Group is part of TD Private Investment Counsel, that represents the products and services of TD Waterhouse Private Investment Counsel Inc., a subsidiary of The Toronto-Dominion Bank. The information contained herein has been provided by J. Hirasawa & Associates for TD Wealth Private Investment Counsel and is for information purposes only. The information has been drawn from sources believed to be reliable. Graphs and charts are used for illustrative purposes only and do not reflect future values or future performance of any investment. The information does not provide financial, legal, tax or investment advice. Particular investment, tax, or trading strategies should be evaluated relative to each individual's objectives and risk tolerance. All third party products and services referred to or advertised in this newsletter are sold by the company or organization named. While these products or services may serve as valuable aids to the independent investor, TD Wealth does not specifically endorse any of these products or services. The third party products and services referred to, or advertised in this newsletter, are available as a convenience to its customers only, and TD Wealth is not liable for any claims, losses or damages however arising out of any purchase or use of third party products or services. Links to other websites from this document are for convenience only. All insurance products and services are offered by life licensed advisors of TD Waterhouse Insurance Services Inc. TD Wealth Private Investment Counsel represents the products and services offered by TD Waterhouse Private Investment Counsel Inc., a subsidiary of The Toronto-Dominion Bank. © The TD logo and other TD trademarks are the property of The Toronto-Dominion Bank or its subsidiaries. TD Waterhouse Canada Inc. - Member of the Canadian Investor Protection Fund.