



An exclusive newsletter from Mark J. Krygier, Senior Portfolio Manager | August 2024

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The facts have changed. Has your opinion?

The world is in flux. Radical groups are demonstrating on university campuses and on main streets around the world, including Boston, Paris, London and Melbourne. Protests take place in front of the White House and embassies, an opening act in the recent Olympic Games scoffs at traditional religious beliefs, and global politics are in disarray with a lack of quality leadership seemingly the prevailing theme. The greatest political stage in the world has many scratching their heads at the recent bewildering turn of events. First, we were assured it was going to be Biden vs. Trump, the election nobody wanted. Then we had an attempted political assassination. Now it's Harris vs. Trump – which is itself bewildering, as in one weekend Biden resigned and effectively appointed Harris in his stead. A leader in the *Black Lives Matter* organization called out this abrupt appointment as being completely undemocratic and a slap in the face to those who vote Democrat. *GovTrack*, an organization that tracks congressional voting records, purportedly recently removed a 2019 web page that ranked current V.P. Kamala Harris as that year's "most liberal" U.S. Senator. Why is this relevant? Because the direction of an economy sets the stage for investing – higher taxes vs. lower taxes, higher vs. lower interest rates, more regulations and red-tape vs. less of it. Generally, politicians don't make a significant difference to the direction of an economy unless their views and subsequent actions are at the extremes. Most successful politicians and parties in developed countries find themselves hovering on either side of "center" in the political and economic spectrum so as not to upset the status quo. If the *GovTrack* report is true, and Harris is successful in her quest to become President, as Larry McDonald, noted author and market strategist, recently commented, "This is NOT about politics and opinions. We must think about risk management, government regulation and taxation. Above all, the heavy serving of uncertainty brought into the view of market participants is what matters most." In essence, no matter your political views, new risks have suddenly entered the global scene and investors should take note!

In early July I joined an organized trip to visit Israel. The tone for the trip was set by our visit to the city of Tel Aviv and meeting with the father of Tal Shoham, a 39-year-old hostage still held in Gaza, to hear his story of grief while awaiting news of his son. Two days later we visited the city of Sderot in the south of Israel, which for the past 30+ years has suffered under periodic missile attacks from the Gaza strip, during which residents have literally 15-30 seconds to run into bomb shelters before rockets pepper the neighborhoods. During the October 7th, 2023 invasion of Israel, in Sderot alone over 70 people were shot dead by Hamas terrorists who rampaged through the streets on jeeps and motorcycles. We met with a 22-year old medic, a resident of Sderot, who saved multiple lives on that day, while acting under artillery fire to do so. From Sderot we ventured further south to the location of the now infamous Nova Festival, in which over 350 young people were murdered, and multiple people were raped, mutilated and taken hostage. We heard firsthand reports of the horror from "Danny", a survivor of the Nova Festival massacre and his harrowing tale of survival. His taped phone conversation with a friend who was going to drive to him to try and save him was filled with machine gun fire in the background – absolutely terrifying.

Towards the end of my trip, we heard a presentation by “Ariella”, a female soldier who survived an invasion of the Kissufim army base, in which over 40 of her colleagues were murdered trying to protect those on the base and those in the surrounding area. We also met courageous soldiers on an army base near Gaza, who are determined to protect their country from a brutal terrorist regime. We met with a volunteer in the *United Hatzalah* paramedic organization, a sister organization to the one in Toronto, for which I have volunteered as a paramedic for over 14 years. This volunteer paramedic left his family in Jerusalem to drive hours to help those in need in the south of Israel on that terrible day. What is incredible, is that despite all the terror that came their way, and the challenges they face moving forward, this same tiny country is a global leader in innovation and creativity. From an investment perspective, consider that with a population of less than 10 million, Israel is the source of the third most publicly listed companies on the technology and bio-tech laden NASDAQ index, behind only the U.S.A. and China, with populations of about 400 million and 1.5 billion, respectively. One lesson I personally learned on this trip, is that despite the harsh challenges of our environment, we must recognize that there are always opportunities for growth and betterment.

Bottom line

Investors are constantly being challenged to be forward-looking and in doing so to set the stage for meeting their personal financial objectives. Part of this challenge is dealing with the uncertainty that comes from changes in the political and economic landscape and right now the uncertainty is at an extreme. As Economist John Maynard Keynes once said, “When the facts change, I change my mind – what do you do, sir?” As custodians of our valued clients’ hard-earned money, at *Krygier Wealth Management* we are constantly trying our best to keep our heads above the uncertainty and risks that arise. If you or someone you know wants to discuss any of these issues and how it may affect your portfolio or broader wealth planning, contact us and let’s start the conversation!

Global benchmarks

As of July 31, 2024 (Canadian \$ Returns – except where noted)

Asset class	YTD	1 year	3 years	Asset class	YTD	1 year	3 years
S&P/TSX Composite T/R (Canada)	12.3%	15.7%	7.7%	30-year U.S. T-Bond - US\$	-2.2%	-1.0%	-11.9%
S&P 500 TR - US\$	16.7%	22.1%	9.6%	10-year U.S. T-Bond - US\$	1.2%	3.6%	-5.0%
NASDAQ Composite - US\$	17.2%	22.7%	6.3%	Long GOC Bond (2055)	-2.8%	4.6%	-7.8%
MSCI Europe Index Price Return	10.4%	12.8%	4.7%	10-year GOC Bond	1.6%	6.7%	-2.5%
MSCI Emerging Markets	10.5%	8.5%	-2.0%	5-year GOC Bond	2.2%	6.8%	-0.7%
China S.E Shanghai A Price Return	1.2%	-7.6%	-5.0%	3-month CDN T-bill	3.0%	5.2%	3.0%
MSCI World Index Price Return	17.5%	22.0%	8.8%	US\$/CDN\$ (1.3808)	4.3%	4.7%	3.5%

Source: RBC Capital Markets Quantitative Research

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