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The Krygier Report

An exclusive newsletter from Mark J. Krygier, Senior Portfolio Manager | December 2024 www.krygierwealthmanagement.ca

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Time to declutter!

In recent weeks I started "THE" project, which I have been pushing off for a very long time – the process of decluttering years of "stuff" collected in my home. It is quite astonishing to see the sheer volume of things that need to be given away or thrown out: old kids' bikes hanging on hooks in the back of the furnace room, old clothing stored in boxes "under the stairs", two sets of golf clubs (I don't golf), a broken storage closet, parts of tools or materials in my garage or basement which I have been saving for that "what if" we need it situation, etc. This project is not even close to being completed, but the fact that I started it has already begun to make a positive impact – both on my physical space and, perhaps more importantly, on my mental "space." In my office at work, while I have much less space to worry about, or should I say, in which to collect "stuff", I still need to take an hour or two out of a working day every few months just to declutter my desk, and every time this process positively impacts both my physical space as well as my mental well-being. I have thrown out piles of binders from workshops I attended over the years ("just in case I want to review the notes…"), papers which should either be filed properly so I can find them when needed, or thrown out because most items can be stored digitally, marketing trinkets which have outlived their usefulness (like Covid door openers used to avoid touching surfaces) - the amount of "stuff" is astounding. The tipping point to starting such projects is usually when I can't even think straight due to "things" piling up or a desk which is in disarray. As I am working through this home project (every Sunday I try to tackle a different room) I am beginning to wonder whether the lessons I am learning by decluttering may apply to other areas of life.

What better time than another calendar year-end to start decluttering ones' finances! I meet so many people who hold bank accounts, or investment accounts, which are spread out amongst multiple institutions. Others hold multiple types of life or property insurance policies, which were purchased through different brokers over the years, some of which may no longer be in force, while others may be duplicating risks already covered. Have you ever stopped to think about what it would be like for someone else to try and decipher which policies are still in effect, or with whom to follow-up with each of them? Often people have purchased GICs/CDs from multiple institutions, some of which one may have no relationship beyond the one GIC/CD purchased. This can lead to confused record-keeping, not only for the purchaser, but even more so for an executor or a beneficiary of an estate, trying to track down all the financial assets of a deceased to settle an estate. It can be challenging to keep track of multiple bank accounts or credit cards from various institutions – especially if they were opened in a location close to an old work or home address and which were never closed. Consider consolidating the accounts into one convenient location to simplify one's life – both for you, and for a Power of Attorney acting on your behalf, or an executor acting on behalf of your estate. Not only is physical and mental energy needlessly wasted when trying to keep track of such duplication, but often significant cost savings can be obtained by consolidating, to reduce both administrative and management fees.

The process of decluttering should also be applied to investing. It boggles my mind how often I have seen statement of a "portfolio" of investments, which on the surface look "diversified," but after a more intensive review are more akin to a "hodge-podge" of investments pooled together in an account or several accounts. When reviewing a portfolio for the first time, the investor's agenda should be clearly evident. Firstly, is money set-aside for some short-term spending needs, or is the money primarily intended to be invested for the foreseeable future? Are the investments intended to provide long-term growth, or are they being relied upon to provide a steady stream of income for the investor, or is it a combination of both? Secondly, are the investments pieced together in a logical manner to reduce risk and keep fees low? Is the portfolio too concentrated in one sector, like technology or energy, or in one geographic region, like Canada or the U.S.? Thirdly, is there duplication amongst the investments? This latter question is especially important to consider when "intermediaries," like mutual funds or ETFs (exchange traded funds), are used to hold the underlying investments. Very often, rather than "diversifying" risks, multiple holdings may increase risk exposure – this is especially common in a small market like Canada, or when one sector in the economy, like technology, is dominating the psyche of investors. Decluttering one's investments can increase diversification, lower investment costs, and increase transparency – all of which clear up the mental space of the investor.

Bottom line

In the words of Dan Sullivan, founder of *The Strategic Coach* business workshops, which I have been attending for over a decade, "You need to simplify in order to multiply." Decluttering one's physical environment, whether at home or in the office, can greatly improve one's mental energy. Applying this approach to simplify one's overall wealth and estate planning, and certainly to one's investment planning, will undoubtedly provide multiple positive benefits. If you or someone you know would like to review your investments or other wealth planning to figure out what to "throw away" and what to keep, contact us and let's start the conversation!

Global benchmarks

As of November 30, 2024 (Canadian $ Returns – except where noted)

Asset class	YTD	1 year	3 years
S&P/TSX Composite T/R (Canada)	25.8%	30.7%	10.9%
S&P 500 TR - **US$**	28.1%	33.9%	11.4%
NASDAQ Composite - **US$**	28.0%	35.1%	7.3%
MSCI Europe Index Price Return	7.5%	10.1%	4.6%
MSCI Emerging Markets	11.4%	12.8%	-0.8%
China S.E Shanghai A Price Return	15.8%	11.6%	-3.5%
MSCI World Index Price Return	27.1%	30.1%	10.4%

Asset class	YTD	1 year	3 years
30-year U.S. T-Bond - **US$**	-1.8%	6.5%	-12.7%
10-year U.S. T-Bond - **US$**	1.4%	5.5%	-4.4%
Long GOC Bond (2055)	-0.2%	7.3%	-6.3%
10-year GOC Bond	3.3%	7.6%	-1.2%
5-year GOC Bond	3.8%	6.1%	0.5%
3-month CDN T-bill	4.6%	5.1%	3.5%
US$/CDN$ (1.4002)	5.7%	3.2%	3.1%

Source: RBC Capital Markets Quantitative Research

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