Wealth Management
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# The Krygier Report

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

Mark J. Krygier
Senior Portfolio Manager
& Wealth Advisor
416-733-5750
mark.krygier@rbc.com

Avital Pearlston
Associate Wealth Advisor
416-733-5751
avital.pearlston@rbc.com

Irene Hama
Associate
416-733-5752
irene.hama@rbc.com

Jacky Mai
Associate
416-733-5749
jacky.mai@rbc.com

## Do you know what you don’t know?

**In recent months I have had many broad wealth discussions** with clients who are undergoing significant changes in their lives. Some of them are planning for an upcoming retirement while others have recently retired. There are those who have recently sold a property or a business, and as a result they are concerned about either their future cash flow or simply what to do with the sudden onset of liquidity. I have also been meeting with those who are in contemplation of, or who have recently moved out of the country, and not surprisingly they have concerns regarding the tax and legal implications of such changes. Finally, I have been meeting with those who are dealing with either elderly parents and the associated demands of greater health care needs and/or mental capacity issues, or sadly with recently departed parents and who are instead now dealing with the tax and legal ramifications in settling an estate. There are such a wide variety of wealth issues that arise in all of these “life cycle” events, that it is very difficult to find any one person who can firstly understand all the issues, and secondly be able to offer appropriate solutions to all of them. In addition, a lot of people or institutions who can potentially assist with these matters often charge significant fees for doing so, or who often have inherent conflicts of interest in “cross-selling” services, rather than looking for the “best” solutions. In sitting down with our clients, I try to ensure that these issues are discussed out in the open, and when there is an opportunity to consult with others (including our in-house best of class RBC DS High Net Worth professionals) to best meet our clients’ needs, I jump at the opportunity.

**The world of investing** can also be quite daunting amongst a bewildering myriad of choices. From filling out a questionnaire in order to understand “what type of investor are you?” to being presented with colourful pie-charts with an ever-increasingly complicated array of allocations to all sorts of sophisticated sounding investment opportunities, to the latest headlines proclaiming the millions that are being made in the latest investment rage, it is easy to understand why many investors don’t even know where to begin, or why so many have “FOMO” (Fear Of Missing Out) when it comes to making investment decisions. As I like to stress in my meetings with clients and prospective clients, as well as in my monthly newsletters and now in my monthly video series, the beginning of any of these wealth planning conversations must begin with you and your needs – not what is being offered, sold or “hyped” by others. The second point of consideration is how much of what is “out there” needs be evaluated by everyone, in order to avoid “missing the boat” on good opportunities on the one hand, but at the same time to protect one’s own hard-earned capital from the prying hands of others, in particular the unscrupulous ones.

**In both broader wealth discussions as well as in the world of investing,** it is crucial to approach such subject matters with a little humility. Without that approach, it is far too easy for one's ego to get caught up in the hype of the media machine and to get overwhelmed by all the areas one needs to consider in trying to build and preserve one's wealth. Based on almost thirty years of watching investor behaviour, I believe the other necessity when approaching these complex matters is to keep matters simple. Famed Portfolio Manager Peter Lynch of the *Fidelity Magellan fund*, which was the largest mutual fund in the world, has often been quoted as recommending that one should only invest in companies one can understand. This does not mean an investor needs to know every detail about all aspects of every investment one makes, but it does mean one needs to at the very minimum understand how those things in which one invests fit into one's overall goals and broader wealth needs. Why do you buy stocks, real estate, mortgages, bonds or GICs? Do you need the income, the growth, or both? Do you "need" to buy hedge funds or other "alternative" investments to be properly diversified or to manage risk? Unquestionably, one of the keys to successful investing is to match up one's needs with the types of investments which can meet those needs. Consider that buying the latest "hot trend" or popular investment may do more harm than good for one's long-term wealth by distracting an investor from focusing on what one really needs.

**When I sit down with clients** to discuss their own broader wealth needs, I often say, "one thing I know is what I don't know." With a background in law, financial planning, and almost three decades of "in the trenches" investing experience, I have seen a lot and learned a lot, but it is still not possible to have all the knowledge about all things. Very often I will say, "this is the point where we need to consult with your accountant, lawyer or other professional to both better understand the issues and to understand what are the possible opportunities as well as the potential dangers you are facing." In the end, keeping focused on the "big picture" of what one really needs, and working to find the most appropriate solutions, far outweighs the need to get "caught in the weeds" of either investing minutiae or the multitude of wealth issues we may face during our lifetimes.

## Bottom line

**Knowing what you know and what you don't know** is just the starting point to healthy wealth planning. Success comes not from focusing on every detail and every possibility over which one often has little control, but rather by focusing on aligning one's needs with one's approach. If you or someone you know wants to discuss any of these broader wealth planning issues or more specific investment decisions, contact us and let's start the conversation!

Global benchmarks

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

| Asset class | YTD | 1 year | 3 years |
|---|---|---|---|
| S&P/TSX Composite T/R (Canada) | 6.1% | 12.1% | 6.0% |
| S&P 500 TR - **US$** | 15.3% | 24.6% | 10.0% |
| NASDAQ Composite - **US$** | 18.1% | 28.6% | 6.9% |
| MSCI Europe Index Price Return | 7.1% | 12.3% | 4.5% |
| MSCI Emerging Markets | 9.6% | 13.4% | -4.5% |
| China S.E Shanghai A Price Return | 0.6% | -4.4% | -6.8% |
| MSCI World Index Price Return | 14.4% | 22.3% | 8.7% |

| Asset class | YTD | 1 year | 3 years |
|---|---|---|---|
| 30-year U.S. T-Bond - **US$** | -6.6% | -7.6% | -11.9% |
| 10-year U.S. T-Bond - **US$** | -2.1% | -0.4% | -5.3% |
| Long GOC Bond (2053) | -6.6% | -3.8% | -8.4% |
| 10-year GOC Bond | -1.6% | 1.6% | -3.0% |
| 5-year GOC Bond | 0.1% | 4.0% | -1.1% |
| 3-month CDN T-bill | 2.6% | 5.2% | 2.9% |
| **US$/CDN$** (1.3677) | 3.3% | 3.3% | 3.3% |

Source: RBC Capital Markets Quantitative Research

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