



The Krygier Report

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

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Keepin' it simple...

For all the news junkies out there, it is really hard to put down the phone, television, computer or whichever device you are using to keep track of current events. Whether it's the never-ending war between the Ukraine and Russia, the ongoing Middle East crisis as Israel battles Iran and its terrorist proxies, the increasingly polarized U.S. Presidential election, which will thankfully be over soon, or the terrifying hurricanes which devastated the State of Florida, there is hardly a moment of silence to pause and think. Personally, I find that the best decision-making in life is done during moments of calm "down-time." Taking the time to turn on the "pause" button allows one the opportunity to consider, for instance, from where one has come, in order to create a baseline starting point, as well as how to plan for a better future, with all the talents and skills one has built over one's lifetime. All the headline-grabbing news stories become mere distractions to this process, as they interfere with our ability to simply stop and think. On those rare occasions when I do take those precious moments to do so, I often reflect to a time when life was simpler, and when choices were much more readily made. I was reminded of this notion recently when talking to a client about a new vehicle he had purchased less than a year ago. His wife was driving their brand-new car, with all the bells and whistles, on the highway together with some friends on their way to see a play. Suddenly, while driving, the entire electronic panel – including the GPS, the sound system, and the Bluetooth connection to her phone – went completely black. The one electronic item that continued to work was the odometer (so at least while they panicked, they knew the speed they were driving...). After a third visit to the dealership for similar breakdowns, within barely six months of the purchase, they are understandably, very frustrated.

Growing up I learned to drive on a "stick-shift" car. Only those who have driven stick shift can relate to the utter vulnerability one feels when one is new to driving, climbing up a steep hill, having to fully stop one's car (naturally with a line of cars following closely behind), and then when traffic starts to move, needing to take one foot off the brake, remove the other foot off the clutch while getting into gear and "giving gas" – all to be coordinated without rolling into the car behind you. Throw in some icy conditions, or pedestrians darting between cars, and you have a recipe for disaster. Many a new driver in this situation has simply given up, put the car into park, rolled down the window and waved the cars behind them to pass around them, so they can start the entire process again, without the pressure of trying to avoid "the roll." I distinctly remember asking my father during those years if we could get a car with an automatic transmission, perhaps influenced by having experienced such a scenario. My father's response to my teenaged query has become a mantra for me in life: "the more complicated something has become, the more difficult it is to identify a problem, when it eventually occurs, and the more expensive it is to fix it." In short, "keep it simple" or the ubiquitous "KISS" methodology to making decisions.

When it comes to financial planning or investing, I try to apply this same approach. Certainly, there are more aggressive and sophisticated sounding methodologies to “getting ahead” in life. However, I believe many of these approaches are too complex, and as a result they are not transparent to potential risks or excessive fees of which many are unaware – whether the potential purchasers or, dare I say, even many of the purveyors of such products or approaches. Personally, I know several people who purchased private mortgages, some of which have gone into default, and units in private mortgage pools, both in Canada and the U.S., who have had their invested money frozen for well over a year – i.e. no distributions and no liquidity – not what these investors expected from such investments. I know others who bought shares in syndicated private real estate deals which turned out to involve unscrupulous individuals or which contained unmanageable risks, resulting in losses to their investment capital. The attitude of “FOMO”, or that of wanting to “get rich quick”, has undoubtedly clouded many an individual’s mind which would otherwise be capable of sound decision-making.

When planning for one’s future, a simpler approach to achieving one’s goals may lack excitement or “pizzaz”, but it will also likely help one avoid real dangers to one’s financial, physical or mental well-being. Consider the simplicity of the following: spend less than you earn, regularly set aside money for the future, and invest one’s long-term savings in appropriate long-term vehicles. When investing, ignore the scary “noises” of the media which only gets paid when you pay attention, not if you are successful. Keep leverage (debt levels) in your finances to manageable levels, be cautious when interest rates are climbing and be bold when rates are declining. In addition, it is great to think “big”, but don’t be greedy; work hard and enjoy life, but don’t chase the latest fad; be as tax efficient as possible in managing your affairs, but don’t use the avoidance of taxes as the main driver of your investment decisions. Finally, do not procrastinate in getting a properly drawn up will and powers of attorney for both health and property. Purchase sufficient (but not too much) life and other forms of insurance, exercise regularly, do not overindulge in food or alcohol and eat healthy. Before dismissing this approach outright as being too simple to create “the good life,” consider all those people you know who keep trying to “outthink”, avoid or procrastinate and suffer as a result. For every winner that bucks the system there are at least ten that are much worse off.

Bottom line

In a world of a constant flow of information, the demands on our mental energy are unending. Plan for success by thinking big in all aspects of your life but consider a simple and direct approach to achieving this success. To use a fishing analogy, forget about the one that “got away” and focus on planning the next big catch. If you or someone you know is concerned about how to plan for a successful future, contact us and let’s start the conversation!

Global benchmarks

As of October 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)	18.2%	32.1%	8.0%	30-year U.S. T-Bond - US\$	-0.4%	14.8%	-12.3%
S&P 500 TR - US\$	21.0%	38.0%	9.1%	10-year U.S. T-Bond - US\$	0.1%	9.6%	-4.5%
NASDAQ Composite - US\$	20.5%	40.8%	5.3%	Long GOC Bond (2055)	-3.5%	15.8%	-6.5%
MSCI Europe Index Price Return	9.0%	19.7%	4.3%	10-year GOC Bond	1.9%	11.2%	-1.2%
MSCI Emerging Markets	15.0%	22.8%	-0.1%	5-year GOC Bond	3.2%	8.3%	0.5%
China S.E Shanghai A Price Return	15.6%	12.1%	-2.2%	3-month CDN T-bill	4.3%	5.2%	3.4%
MSCI World Index Price Return	21.1%	32.3%	8.9%	US\$/CDN\$ (1.3493)	5.2%	0.4%	4.0%

Source: RBC Capital Markets Quantitative Research

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