

1 Modern Portfolio Theory

I've been geeking out on the history of finance of late. (A little, light bedtime reading—)

In particular, I've been re-engaging with the principles of The Modern Portfolio Theory as a fundamental reminder of what I practice every day. And, for good reason. Harry Markowitz won a Nobel Prize with this hypothesis in 1950, changing the game on how we look at markets. Managing risk is now an inherent part of the PM role, savvy clients expect diverse holdings that aren't dependent on each other. That said, building an optimized portfolio isn't like standing in line at the buffet. It's more like orchestrating a dish, accentuating foundational elements with complex seasonings and the odd spice.

2 Preparing For A Shift

When the 10-year U.S. Treasury note dropped below yields on the two-year Treasury note people asked what they should do. First, Don't Panic.

Take this advice, famously written in bold large letters on the back of Douglas Adams' "Hitchhikers Guide to the Galaxy". While this inversion is not the greatest sign, it is not a great timing indicator. On average it will take 21 months after this inversion for the market to enter a recession, if it even does. Any market drops at this point are purely reactionary as fearful investors do just what we said not to, and panic. The US, UK, and Japan have all seen yield curves that did not result in a recession. What you should do instead is shift your investing. Lucky for you, you've got a team of experts in your corner.

3 Risk & Recessions

With the potential for a recession in the near future you may be wondering, "What does that mean for my riskier investments?" For our clients, we are assessing and stress testing the portfolio daily. If we identify that we are late in a business cycle or certain sectors will likely perform poorly, we adjust. We've stayed away from commodity exposure for some time now. Avoiding that sector has been beneficial for our clients. Whenever there are indicators that a recession is looming, we keep a closer eye on sectors that are most likely to be affected and continually pivot our strategy to protect your portfolio.

Risky Business



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WE MAKE INVESTING PERSONAL

We believe that you should be free to follow your passion in business or life, to spend precious time with the people who matter the most to you. You should be able to do this, knowing your financial future is secure and your family is looked after.

READY TO CHAT?

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OUR UNIQUE INVESTMENT STRATEGY

We offer a high-performance approach to investing. Using our unique qualifications as a Portfolio Manager, we build and manage a strategic fund that is constantly monitored, evaluated and adjusted to deliver optimal performance. With 100% transparency, we put our money where our mouth is by personally investing in our own model.

FINANCIAL PLANNING WITH HEART

We start by getting to know you. Our in-person meeting is where we truly uncover what matters the most to you. We craft a strategic financial plan that shows you, step-by-step, how we can take you from the island of uncertainty to the island of peace of mind.

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