

Episode 2: The Opportunity Cost

Hi and welcome to Jenny-in-the-Corner-Office: Episode number 2: The Opportunity Cost. I'll be hosting today's podcast and all of the other ones... Who am I? I'm Jen Schell—an Investment Advisor with CIBC Wood Gundy.

In my last episode, we discussed the TMI Effect, which stands for too much information. We established that you were suffering from information overload and that I was going to filter out the nonsense on a best efforts basis.

Lucky for you, the information overload is about to get an overhaul by me. I'm on the cusp of the millennial generation so I grew up in an analogue world and can therefore bridge the gap between the analogue generation and the digital one. Get ready people, we're going to tear down those ugly allergy-inducing golden-rod polyester curtains from the eighties and redecorate with modern, sleek, minimalistic window treatments.

I also treated you to the merits of a fine functional capitalist system and ousted myself as a capitalist activist.

Everyone has had a financial experience. Some are good and some are not so good. In this age, everyone demands 100% positivity and our expectations are based on perfectionism. You're all perfect and there's room for improvement. And just like you, we have all had some negative experiences with money, usually in the form of losing money.

Do you know anyone who hasn't lost money? Nah, we're all losers! Come and listen over here, my fellow losers. Losers unite, misery loves company.

When I meet disgruntled people and ask them to expand on their investing experience, often I hear 2 common burn scenarios: they complain about how they hate the market or that they were denied a loan.

As I mentioned, I'm from Sudbury, Ontario where everyone is obsessed with hockey. I don't have exact figures, but a large majority of the population played hockey. In hockey, they have different leagues, the amateur hour league (I'm just making that up,) the house league, double A, Triple A, Juniors, College/Uni hockey, and the National Hockey League, commonly known under its abbreviated form: the NHL - where all of the most skilled and adult hockey players congregate to earn a healthy living.

Back in my day, whenever someone threw shade your way, a common retaliation was to hate the player and not the game.

What does this have to do with loans and markets? Please bear with me, ya' bunch of hosers. According to the hockeywriters.com , a hoser was what they used to call a loser. This is because the losing team had to ice down the ice with water after the game because Zambonis' weren't invented yet. That's a fact.

Anyways, I used to watch my friends play hockey back in the day, before we had cell phones, which was an inexpensive activity to do because it was social and the games were all free. Back in my day...

Now, don't you be like those crazy hockey parents who shout classic insults like: you suck, Jimmy! Hustle! You are such a disappointment! You're all losers, flaming bears. Go home! I don't know... what's a good hockey team name? You get the idea.

If parents were to shout out insults at any other time, it would be considered abuse but when you play hockey, it's all acceptable.

Then all of these kids get super defeated every time they lose because their parents set them up for unfair expectations. Also, some of these kids aren't talented and shouldn't be there in the first place. Other times, it's just a lack of training and preparation. When you lose every game, it's probably not the sport for you or else you're playing in the wrong league.

There's a lot of crying and anger and then you realize that maybe instead of spending all of those hours in a cold ice-box of a hockey rink, that Jimmy should have studied physics instead.

The financial system has a lot of players... and some are not qualified to be there, but recognize a losing streak and get out or take a step back and correct what is no longer working for you.

Also, when you or Jimmy are over your head, the situation can become frustrating and you become resentful of the coaches and the team general management because you aren't getting the results that you anticipate.

If only people paid attention to finance professionals like they with hockey players. Like hockey players, employees at the banks are traded. That same person that denied you a loan at the first bank might be at your current bank.

When you watch a hockey game, you expect your team to win, but they don't always win and sometimes they let you down. You don't take it personally by reaming out poor Jimmy. Come on, he's just a kid.

When you throw Jimmy to the wolves and he keeps losing, you blame everyone else. Maybe Jimmy needs some coaching and a reality check. Maybe your expectations are out of line. If Jimmy gets hurt, his hockey career is in peril. Are you going to gamble like that with his future? It's the same with the money management. If you are denied a loan, there might be a good reason for it. Maybe you won't be able to pay it back. If you hate the market, maybe you took too much risk too soon. Or maybe you didn't pick the right coach to develop Jimmy's talent. The same goes for your financial situation.

Easy there, bud. Don't hate the player, hate the game. The moral of this long winded story is to stop being the crazy, angry hockey parent and to focus on what's right for Jimmy. In your case, focus on what's right for your inner child.

When all else fails, you can always live off the grid.

No, that's not what I mean. What I mean to say, is that when you understand the rules of the game and how it works, you won't get frustrated. You can live financially free and still enjoy the game of life but you need to find the right team at the right level to support you. Then you'll enjoy the experience a lot more.

If you want to make it to the big leagues, get your paperwork in order. Make it easy for people to want to grant you access to capital or worthwhile for more sophisticated approaches.

That expression brings back memories...

Who's in charge of the game? The general manager. Hockey like, the banking system is a corporation. Who is in charge of the operations at an organization? Management. The only way policies change are when you change management.

There is one hockey team that I know of that can do no wrong, even though they aren't winners. If losing is so terrible, why are you so willing to buy expensive tickets to their games, when you can't even get behind your own game?

I too am part of a corporation. I guess you could say that I play on the CIBC Wood Gundy team.

I never played hockey, in case you're wondering. My mother didn't believe in organized sports. Don't ask... Just don't ask it's a very long story. Despite this, I like to think that I am still a team player.

The closest I came to playing hockey was when I had to learn to rollerblade to keep up with my friends who played hockey - both girls and boys. I had to practice every day for 4 hours a day to keep up to them. We bladed around the city. I was in the best shape of my life.

How did I keep up? Practice, scrapes, bruises, getting up, falling again, skating over rough pavement and surfaces.

Those were happy times. They were happy because I overcame failure and developed my abilities. I never made the NHL. It's just not my calling in life.

Speaking of happy, our society likes to entice us with positive images of happy people. They are usually somewhat attractive, well-dressed and life seems hunky dory. Like them, you can be rich too!

You can overdose on positivity and then it becomes a poison. Keep on him, Jimmy! Beat him up and you'll win. Positivity is too aggressive today. I'm thankful that it's become unacceptable to ask a woman to smile. I used to get that all of the time. Strangers would break my idea bubbles with their positivity punches.

People post motivational quotes commanding you to laugh when you don't feel like it, love when you don't feel like it. It's what I like to call passive aggressive positivity and if it seems forceful, it is.

By denying your intuition, you are forcing yourself to ignore the warning signals that your body and mind are trying to give you. As a result, you feel shame that you weren't able to materialize wealth, cars, love or a great life or become an NHL super player when you have

no talent. You see your neighbours or people with their perfect lives on Instagram and facebook and you wonder... why can't that be me?

All you need to do is focus on being positive and you can manifest anything you want. Who are you? Harry Potter and the master of wizardry? Get real and face the fact that you're a muggle.

When you can accept that you are a mere muggle, you won't put these outlandish expectations on yourself.

I had a bad experience with the law of attraction. Can I tell you about it? You're going to have to listen to me because it's the jenny monologues.

I really wanted to have a BMW by the age of 25. All of the cool kids drove bmws and I really wanted one. That was a sign that I had made it. Well... I got one all right and it was a piece of junk. The clutch went, the air conditioning went, the balljoints went, the tie rods went, it would stall for no reason. I know way more about the mechanics of a vehicle than I care to know. And this is what happens when you fail... or in my case, make a stupid purchase. You are forced to learn about things you wouldn't want to know about.

I've learned since then and when I went to purchase my next car, the dealerships were surprised with my knowledge on car parts and my questions and didn't rip me off. I negotiated good deals on both of my cars and saved myself thousands of dollars.

So if you failed financially, count yourself lucky. You just developed some mad skills.

Now for a dose of reality and here's the good news. There is always an opportunity. Everyday!

But I hate numbers? You do? Liars. I call shenanigans. Losers hate numbers!

The biggest dream killers are greed, laziness, jealousy, fear of loss and holding grudges. Do you know what the outcomes of these sentiments are? Some very tough times ahead. Some tough times, indeed.

Don't fear the numbers. What did numbers every do to you?

I'm talking to you Toronto. I'm cool, I have Instagram. I see the hashtags saying #thesix. 1.32Million posts to be exact.

Finance is boring and I'm bad at math, but it's not boring when you pick 7 numbers to win \$60Million dollars. When there are dollar figures attached, you're motivated then. That's probability... stats! Do you know what the probability is of you winning the lotto max main draw with a \$5 ticket? It's 1 in 28,633,528, according to the OLG. Do you know what the odds are of winning on the stock market? It's 50%. You either lose or you win, but first you have to commit. Committing to an investment strategy is more complex than marriage it would seem.

But, there's always an opportunity and your soul-mate is out there. Let's consider a few historical investment examples. So we are clear, this isn't investment advice.

In October, 2013 you could have bought Facebook shares at \$50.13 and now they are worth \$180.31, so you would have made over 350% times your money... According to the Toronto MLS homes sales, the average price of a Toronto home was \$566,696 in 2014 compared with \$789,893 for 2018, an increase of 39% on your investment. Coindesk recorded the bitcoin value at **\$333.75** CoinDesk Bitcoin Price Index (BPI) as of October 30th, 2015 and as of the recording of this podcast, it's value is \$6409.19 USD, a return of almost 1900%. In February 2016, you could have picked up the TSX preferred share index at \$570 and your investment would be worth \$710.82 today which is almost a 25% return. Over one year, the S&P small cap index returned 27.9%, within the last five days, you could have made a 7.2% return in fertilizers and agriculture, And In the last day, my CIBC World Markets Report indicates that you could have bought AECO Natural Gas mmbtu and made 50.7% on your investment. But people are still upset over the Nortel shares they lost years ago and therefore they are afraid of investing. Nortel is long gone, but you are still holding a grudge. Get over it. There's an opportunity every single day. Everyone loses a game, but get over it, figure out what you did wrong and pick-up your socks and try again.

People get itchy for returns but get spooked when the values fluctuate. Don't go chasing the bull by its tail now. If you want to poke holes into your financial future, this is how you do it.

Greed: that's why so many get-quick-rich scams are so effective.

Laziness: This is why people buy the lottery. They want to get rich immediately and they are disappointed when they don't win. You have to work it.

Jealousy: When you need to be better than your neighbours and you get into debt over your head. Hey Mr. Jones, Bye!

Fear of loss: Not having enough for your retirement or life objectives and latching onto the latest conspiracy theory as an excuse for troubles.

Holding grudges: Making poor decisions, doubling down on losing positions and War!

Just live like Elsa from the Disney movie, Frozen and Let it go!

Carpe Diem and the opportunity. I am not aware how you say this in latin.

That's all I've got for this week. During the next episode, we will be discussing behavioural finance and what's holding you back from you being you!

Your feedback is appreciated, so if you need to reach me, please e-mail me at Jennifer.schell@cibc.com. That is Jennifer.schell@cibc.com . Thank you for tuning in! And if you feel so inclined, please follow me on Facebook at JenniferSchellWG. That's JenniferSchellWG.

CIBC Wood Gundy is most appropriate for individuals with household investable assets of \$250,000.

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