



# Portfolio Confidential

Barbara Stewart

The Canadian daughter of my best friend Anne got married a couple of years ago to an Israeli and is now living in Tel Aviv with her husband. Anne is worried and she has no wisdom to share about how to navigate life in wartime. Anne's daughter isn't currently working and her husband has asked her to take over the household finances. He is too busy trying to salvage his IT startup. Where should she start with her learning curve?

Two things come to mind:

First, please refer Anne's daughter to my Top Ten Tips for Managing Your Finances. These tips were also detailed in my Portfolio Confidential column published in the May, 2023 edition of *Canadian MoneySaver*. <https://barbarastewart.ca/barbaras10tips.pdf>

Second, I suggest that Anne's daughter follow Hanna Pri-Zan on LinkedIn. Over the years conducting interviews for my research on women and finance I have visited Tel Aviv a dozen or more times and in 2018 I met with Hanna, who at the time was Chairperson of the Board at Peilim Portfolio Management, a part of the Bank Hapoalim Group. Today, Hanna is Chairperson of the Israeli Experience (educational tourism) and she also writes a weekly column about women and money for Israel Hayom מוֹיָה לְאֶרֶץ (Israel Today), the top national Israeli free daily newspaper and one of the top news websites in Israel.

I had a call with Hanna a couple of weeks ago to ask her how she is approaching the topic of women and money in wartime:

"The starting point is unfortunately not good for many women in Israel—culturally there hasn't been an emphasis on the importance of money management for women and families. But now with the country at war they have

no choice! Of the 300,000 reservists that were called up to the army, most were men. Some women have had to move houses and some businesses have been ruined. Many restaurants and clothing shops are unable to open due to sirens. There is an urgent need to find other ways to get money to the household.

In times of war there is also an increasing amount of domestic violence in households, and we have seen a growing number of cases. What can be done to help the women of Israel?

Personally, I do many presentations to women about how they can approach the household budget. I also write a weekly column in which I discuss basic ideas around economy and offer financial education for housewives. For example, what is the Consumer Price Index (CPI)? How does it affect the household budget? These are challenging times...how can we avoid financial mistakes?

Interest rates have risen significantly, and it is important for all investors, particularly women, to understand how this change affects our mortgages and how we invest our pensions and other investments in the capital markets. I stress the necessity of bringing children into this area of education: this is a must."

I am intrigued by the idea of "tokenizing assets"—what is this all about?

I recently spoke with Daniel Lo, a digital assets lawyer with a crypto company in Singapore. According to Lo: "Singapore is becoming a Web3 hub, especially for tokenized real world assets. Tokenization is the process of converting tangible real-world assets (such as gold or real estate) or digital assets into digital tokens on a blockchain or distributed ledger. These tokens represent ownership,

rights, or assets and can be transferred, traded, or recorded with the help of blockchain technology.

Tokenization offers numerous benefits, including increased liquidity by allowing fractional ownership, enhanced accessibility to traditionally illiquid assets, transparency, and immutability through blockchain technology, and the potential for global trading around the clock. It opens up opportunities for a wider range of investors to participate in various asset classes and facilitates more efficient and secure asset trading and ownership tracking.”

A good example of how tokenization could change the dynamic of numerous assets is in the fine art market.

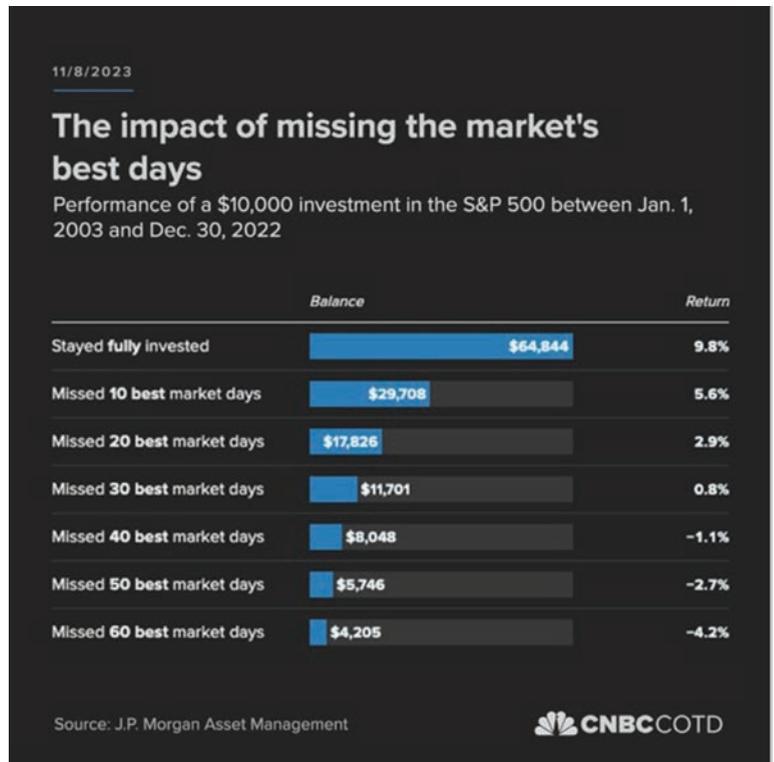
From BNY Mellon’s blog on the topic: “The prohibitive prices that some artists command at auction means that only a highly restricted number of high-net-worth individuals that have the means to invest in this asset, with the vast majority of retail investors unable to participate. Issuing tokens that represent a fractional ownership of an artwork may fundamentally change the situation. For example, the property rights in the most valuable painting by Jean-Michel Basquiat—sold for an eye-watering \$110 million by Sotheby’s in 2017—could be tokenized, affording even small retail investors the opportunity to acquire a fractional interest in the painting. Tokenization would therefore open the market to a whole new set of investors, now able to diversify their investment portfolios into asset classes previously well out of their reach.”

Here is a list of tokenization real-world asset platforms: <https://www.blockdata.tech/markets/use-cases/asset-tokenization>

Professional money managers have price targets on the individual companies held in the portfolio. They take profits on a stock by stock basis whenever price targets are hit and when the portfolio is rebalanced. They seldom go to cash just because they have had a good year.

Peter Hodson addressed this issue very well in his recent column for the Financial Post: “...going to cash is, of course, market timing. It has been proven time and time again that market timing simply does not work over the long term.”

Here is a chart that clearly shows why it is a good idea to stay fully invested:



Our money manager did a great job for us in 2021—we were up 21%. But in 2022 we gave most of it back and now our three year return is only around 2%. Why didn’t our manager lock in gains and capture the big profit we had?

Your scenario is in line with what happened with the U.S. equity market during this timeframe. Your question therefore revolves around why your manager didn’t try to time the market. Sure, it would have been ideal if they had sold at the top, locked in your gains, and went to cash for the year...but then what?

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