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“I think we consider too much the good luck of the early bird and not enough the bad luck of the early worm.”

Franklin D. Roosevelt
-American president-



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Summer is coming to a close and with the transition to autumn in sight, the upcoming U.S. election is increasingly a topic of interest for many investors. **Manulife** joins us this month with a useful article that is a bit of a primer on the American electoral system as well as a historical review of the impact of election results on markets. Opinions appear very polarized these days south of the border and partisan forecasters are proclaiming a rocky road for markets and the economy should their opponent win. However, almost a century of data would suggest that stocks tend to continue their upward march regardless of whether Republicans or Democrats are in the White House. Usually, the strongest year for market returns has been in an election year and the weakest in the two years after. There are some interesting differences in the U.S. system compared to Canada. With their three electoral bodies (White House, Senate, and House of Representatives), there are many more combinations possible as compared to our Westminster majority/minority election outcome and since 1928, the highest stock market numbers have been associated with a Democrat president and a split congress and the weakest when there is a Republican in the White House and a similar split of the house and senate control. It is notable that stocks had better average returns under Democrats than Republican

control no matter what the combination. Using statistics such as averages can have shortcomings and it is thought that the two parties will have quite different policies this time around. This may result in headwinds and tailwinds for various sectors depending on which party prevails and if they get a sweep. The outlook for renewable energy stocks is one such example of an investment space that may fare quite differently under a Trump or Harris presidency.

A number of recent reports have sounded the alarm on Canadian productivity and in the global race for talent it has been argued that tax policy matters and that our country may be stumbling in that category. With the recent budget and new add-on capital gains tax increase, there continues to be a vocal collection of economists and tax experts advocating for our country to take a long look at comprehensive tax reform. Trevor Tombe, economist at the University of Calgary has written a thoughtful piece in **The Hub** that speculates on what Canadian pro-growth tax reform could actually look like. Although never a certainly with more than a year to our election, conservatives are far ahead in the polls and the opposition leader has suggested a tax reform review would be an issue they would move forward with if elected. Political promises are often peppered with “ifs” but Tombe does a nice job of exploring several key issues in Canadian tax policy and how it might be changed. In a readable format for non-accountants and policy experts, he reviews some problems with the current system. One observation he makes is there is a functional limit to how high personal taxes can be raised if you are attempting to increase government revenue to pay for the public services it provides. He points out that at our 50 per cent plus personal tax rate, Canada has little room to move those tax rates higher to grab more tax revenue since at those levels and beyond, talent will work less or move away. He illustrates this by highlighting that California, the highest taxing state, has top rates lower than any Canadian province and they apply much higher income levels. He also showcases Estonia as an example of a country with an innovative combination of taxes that may be worth considering as a model to emulate. Ultimately, whatever form it takes, he suggests that we need a tax system that is fairer, simpler and incentivizes growth.

If discussions of tax systems and U.S. politics are making you sleepy, it may depend on what time of a day you are reading the newsletter. If you are a person who struggles to wake early, **BBC Science Focus** may provide you with some positive news about your chronobiology. While research have implicated the “night owl” types with some negative attributes as compared to the early rising “larks” (less happy, more prone to negative personality traits, etc.), a recent British study may put a spring back in the step as they are also found to have superior cognitive function. One interpretation of this is that night owls do better if they are allowed to function in a time zone that fits their physiology. While a 7 a.m. exam may be disastrous for them, they may ace the 7 p.m. version. Academia and business are typically configured to a

lark's world, but the authors argue that it is very important for individuals to respect their chronotype as it a reflection of genuine biology rather than a lifestyle choice. By offering useful tips to combat so called "social jet lag," such as coffee, napping, and light therapy, they have provided some tools for late sleepers to function in a world of early morning appointments and airplane flights.

Manulife Investment Management: The 2024 U.S. election and your portfolio



Here's a look at what's at stake in the November 5 U.S. election, analysis of historical stock market trends in election years, and portfolio considerations for long- and short-term investors.

Elections and market history

Financial markets have generally shown resilience throughout four-year presidential election cycles, with changes in political party control of the White House and Congress appearing to have little discernible difference on long-term stock market performance. While election seasons can stir up strong emotions in investors and drive market volatility, trying to time the markets or make investment decisions based on perceived election trends could prove unwise versus simply investing for the long term.

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The Hub: What a pro-growth tax reform might look like

Taxes shape our economy in countless ways. They influence everything from business investments to employment to our individual spending decisions. They also fund crucial public services, such as high-quality education and a reliable legal system, which in turn support economic growth.



This is why the [United States Internal Revenue Service](#) (their equivalent of the Canada Revenue Agency) inscribed [above its main entrance](#) Justice Oliver Holmes' famous remark that "taxes are what we pay for a civilized society."

But taxes—especially poorly designed ones—also come with costs. Some of which can be large, particularly in the face of Canada's poor record on investment, productivity, and economic growth.

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BBC Science Focus: Night owls are 'cognitively superior' to early risers. Here's why

For some of us, getting out of bed at the crack of dawn is at best miserable and at worst impossible.



Do you find it difficult to get up in the morning and then grow more alert as the day goes on? Are you at your most alive and energetic in the evening?

If so, you probably have the chronotype of a 'night owl' as opposed to a 'morning lark'. This means your circadian rhythms are such that your optimal time of

functioning is later in the day

If you've been following the science news about the implications of being a night owl, the messaging has tended to be rather demoralising.

Over the last couple of decades, a slew of studies has suggested that **larks tend to be happier than owls**; that owls are **more vulnerable to depression** and other mental health difficulties; and even that **night owls are more likely to exhibit so-called dark-triad personality traits**, such as psychopathy and narcissism.

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