



## What are your emotional investing blind spots? Thoughts from Mike: Spring 2023

Hard to argue that investing isn't at times emotional. The media, market volatility going up and down and the pressure of making sound investments decisions can trigger emotions even for the seasoned investor. Many argue that the markets are rational but how could that be given that many of the people who participate in them aren't? We all have investing blind spots. Understanding them and how they influence our decision-making process is key to making even better investment decisions. In this letter I thought I would share the most common ones that come up during our interactions with clients.

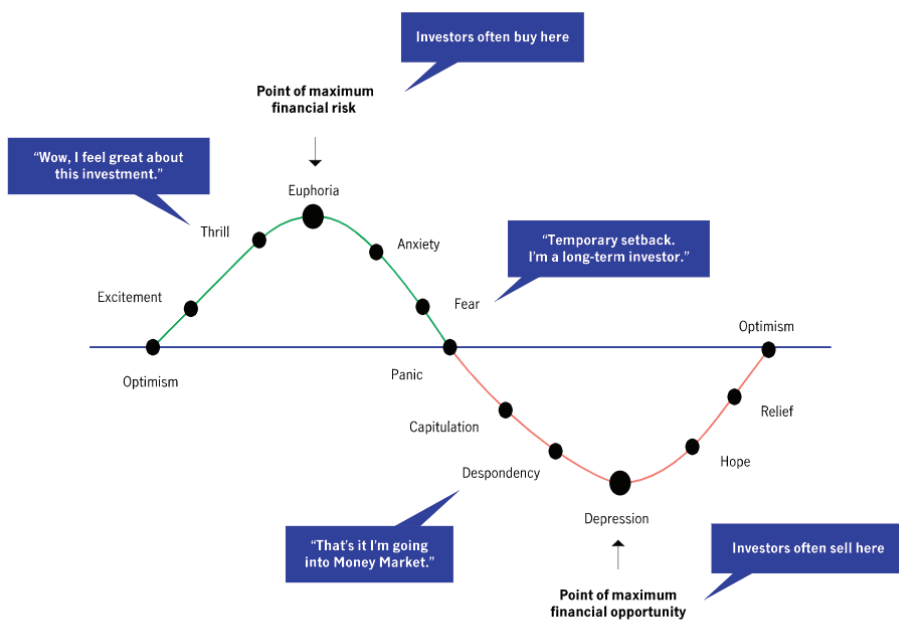
### Short-term focus

People tend to put undue emphasis on events that are closer in time and minimize events that are further away. This can evoke a "fight or flight response." We are hearing lots of chatter about a potential upcoming recession which triggers a "concern" emotion, forgetting that we've had over 10 recessions since 1950 and 10 recoveries.

### Loss aversion

For many, it hurts more to lose money than it feels good to make it. I certainly don't advocate not paying attention to your wealth but checking in daily can increase anxiety and risk triggering an emotional response. In most cases volatility is your friend if you can take advantage of it. Over time the markets and a well-diversified portfolio have gone higher, but it will never be a straight line. If it was easy everyone would do it and the returns would be lower. Managing the emotions on the upside is easy but managing and controlling them on the downside determines the success of your plan.





Source: Hays Advisory. This chart is an example and does not represent the performance of any actual investment. This is not meant as investment advice. For illustration purposes only.

## Anchoring

The stock market does not know what you paid for your investment, nor does it care. I’ve often heard “When it hits this price, I will sell.” As an example, if an investor buys a share in a company based on a forecast that the shares will rise to \$100, the investor can become anchored to that target, ignoring new relevant information. Always be open to new information even if you recently purchased the investment. News comes so fast these days but it’s important to always keep an open perspective.

Those are just a few of the many investing blind spots. It is helpful to recognize what yours are so that the decisions you make are well thought out. The more people learn about their behaviour in regard to money the better prepared they will be when confronted with emotional decisions.

We are here to help understand your biases and together design your Wealth Plan that helps minimize any adverse effects to reacting on those behaviors.

## Dividend Increases the past Quarter: (only a few examples)

Company	Recent % Dividend Increase	5 year % cumulative increase
Telus	3.6%	32.9%
Manulife	11%	49.3%
Magna	2.2%	42.65%
Intact Financial	10%	42.9%
Canadian Natural Resources	5.9%	113.15%



## A few points to highlight:

- Keeping emotions in check potentially increases the chance of your plan's success
- Try not to allow others' emotional blind spots affect your perspective
- Dividends are still growing at this time!!

As always, our team is here for you. If you have any questions or know of anyone that could benefit from our services, please don't keep us a secret.

Mike.

**Michael Anderssen**, CFP®, CIM®, FMA  
Senior Portfolio Manager and Senior Investment Advisor  
902-541-3104 | [Michael.Anderssen@td.com](mailto:Michael.Anderssen@td.com)  
[anderssenwealthmanagement.com](http://anderssenwealthmanagement.com)  
[Connect with me on LinkedIn](#)  
[Follow me on Twitter](#)

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