

## The Rise and Fall of Emotional Investing

Many investors let their emotions guide their investment decisions which may lead them to buy or sell at inopportune times.<sup>1</sup> These emotionally driven decisions could have a significant impact on a portfolio. For example, over the past 20 years, the average return for the S&P500 was 7.68% compared to the average return for an equity fund investor who only received a return of 4.79% - a difference of 2.89% mainly attributed to investor behaviour.<sup>2</sup>



<sup>1</sup>Source: Barclays, Cycle of investor emotions, 2016.

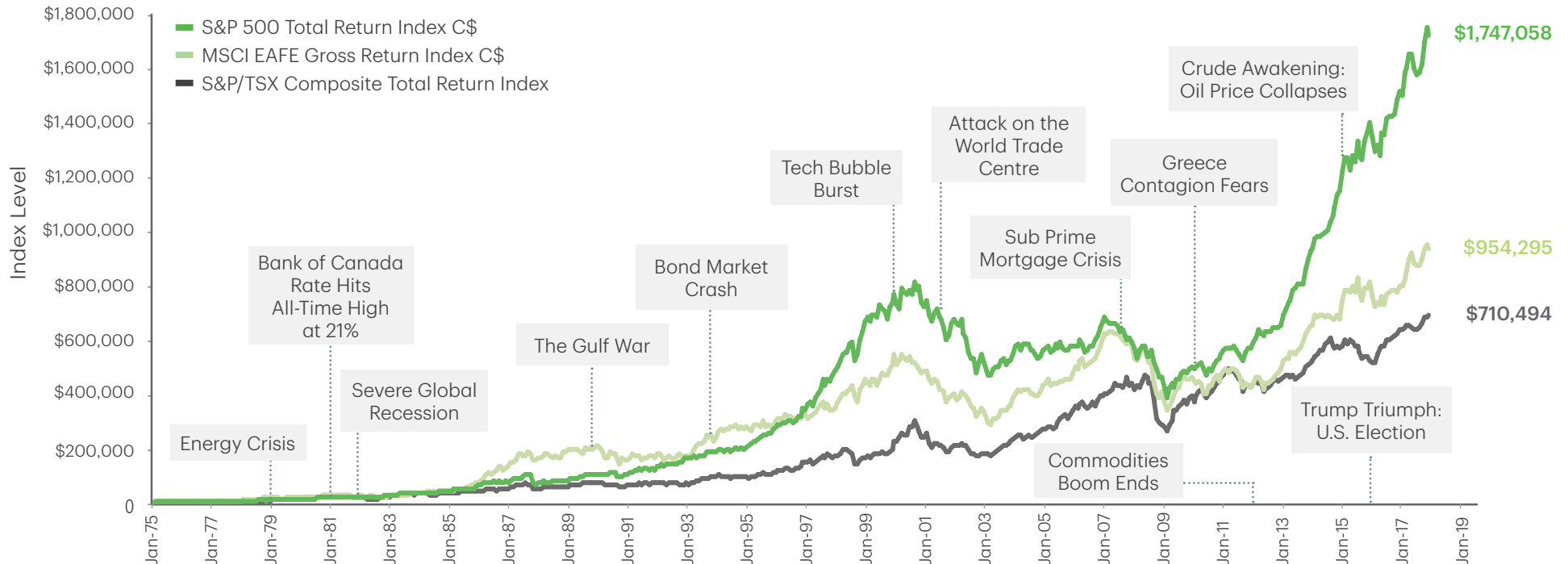
<sup>2</sup>Source: Dalbar's Quantitative Analysis of Investor Behavior, 2017. Based on U.S. data. U.S. equity market is represented by the S&P 500 total return index.

# Market Fluctuations in History

Do you hesitate when it comes to investing in the market? Like many others, you may feel that “the time is not right” to invest. Perhaps you find the economy too unsettling or feel that current events suggest you should invest at a later time when things “even out”, “settle-down” or are more predictable. Despite our emotions regarding the market, when we look through a historical lens, we can see that markets can rebound from negative factors impacting their performance, **and eventually surpass their previous highs.**

## Growth of \$10,000

From January 1, 1975 – December 31, 2017



Data Source: TD Asset Management Inc., Morningstar® (TDAM).

For more information, please speak with an investment professional.



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