TD Asset Management

The power of staying invested

Investors who react to short-term market movements by moving in and out of the markets may lock in losses and potentially miss out on long-term growth.

Let's take a look at the impact of missing out on the best one percent of days over 30 years while investing \$10,000 in the S&P/TSX Composite Price Index ("TSX").





A few days can make a big difference:

A considerable portion of long-term gains can be attributed to a relatively small number of good days. In this example missing out on the best one percent of days reduced the end value of an investor's portfolio by over \$47.000.

The best days typically come after some of the worst:

Many of the best days shown in this example occurred soon after the bad days. An investor who sells their investment on a bad day may miss out on the good days that follow, which could potentially reduce long-term portfolio value.

Source: TD Asset Management Inc. and Bloomberg Finance L.P.

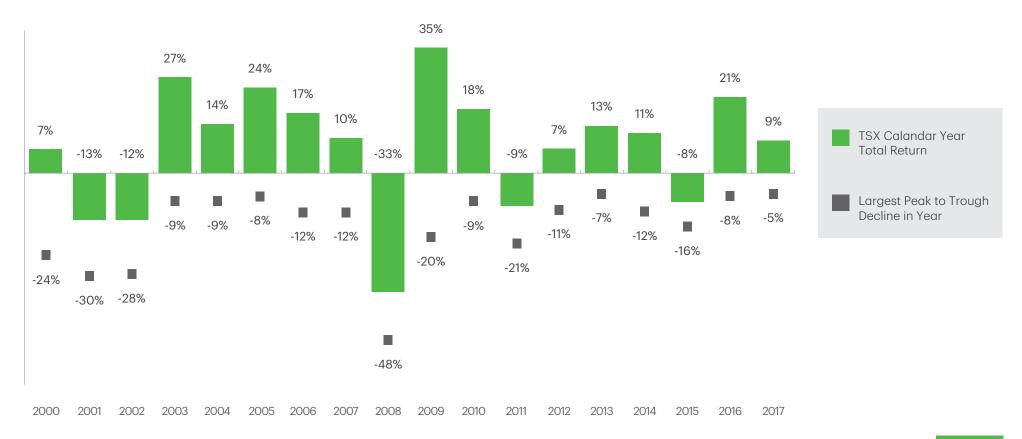
For illustration purposes only. The index returns are shown for comparative purposes only. Indexes are unmanaged and their returns do not include any sales charges or fees as such costs would lower performance. It is not possible to invest directly in an index. The graph is used only to illustrate the effects of the compound growth rate and does not reflect future values of any fund or returns on investment of any fund.



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As history of the markets has demonstrated, even good years have bad days. The following chart illustrates how Canadian equities eventually recovered in most years to produce positive returns. That is why it is important to remain focused on your long-term investment objectives and consider staying invested to help prevent locking in losses on investments that may likely recover. As you can see in the chart below, investors who attempt to time the market may miss out on strong positive returns.

S&P/TSX Composite Index: Why it pays to stay invested



For more information, please speak with an investment professional.



Source: Bloomburg Finance L.P. Performance figures are from S&P/TSX in Canadian dollars. Performance data as at December 29, 2017.

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