TD Asset Management

Investor Knowledge 5 Minutes

KNOWLEDGE

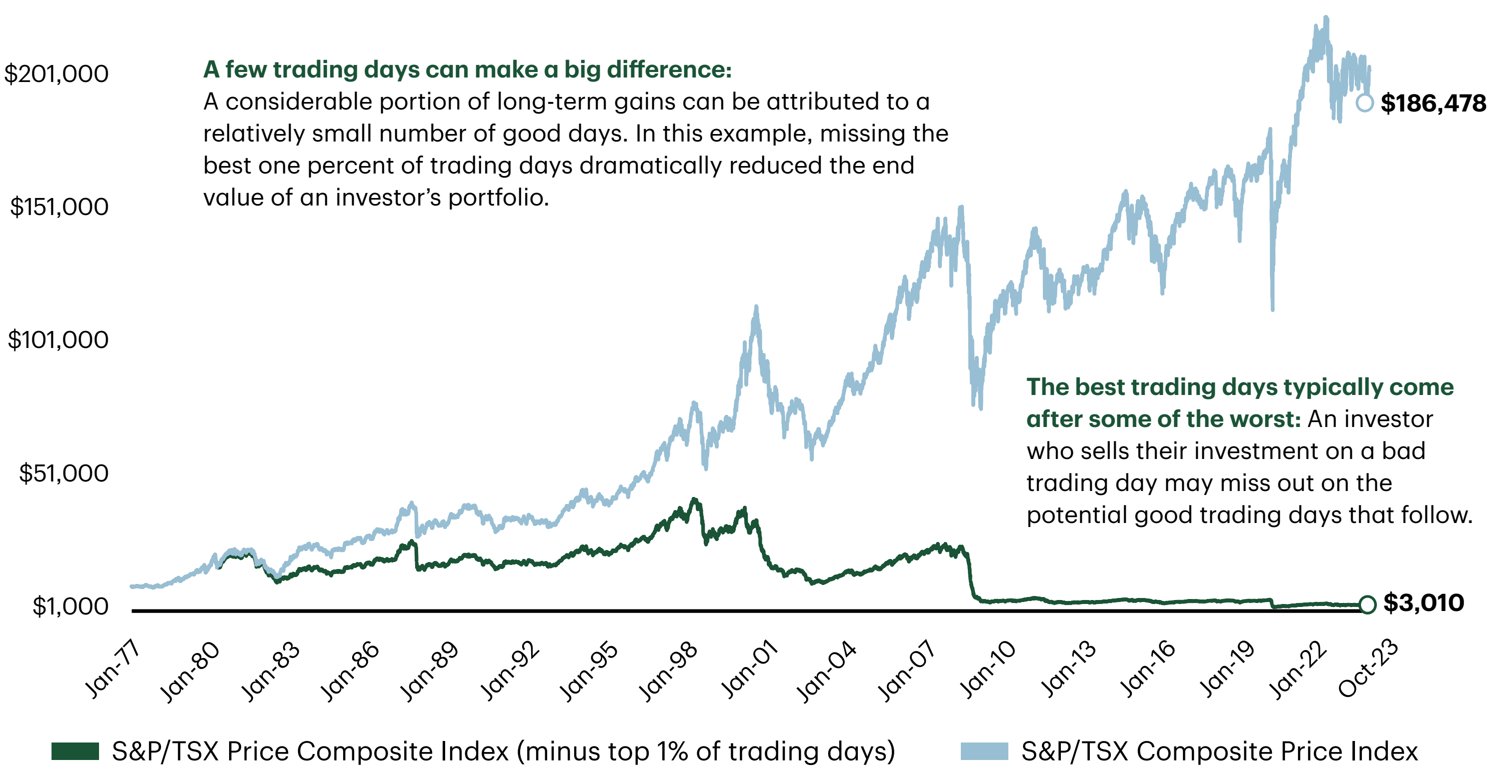
Bulls & Bears:

Let History be your Guide

Moving in and out of the stock market—trying to predict the highs and lows—may cause you to miss out on potential long-term growth. Let's take a look at the impact of missing the best one percent of trading days over 46 years while investing $10,000 in the S&P/TSX Composite Index.

What if you missed the top 1% of the best trading days since 1977?

Growth of $10,000



Source: TD Asset Management Inc. and Bloomberg Finance L.P. Data displayed is from January 1, 1977 to October 31, 2023. 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.

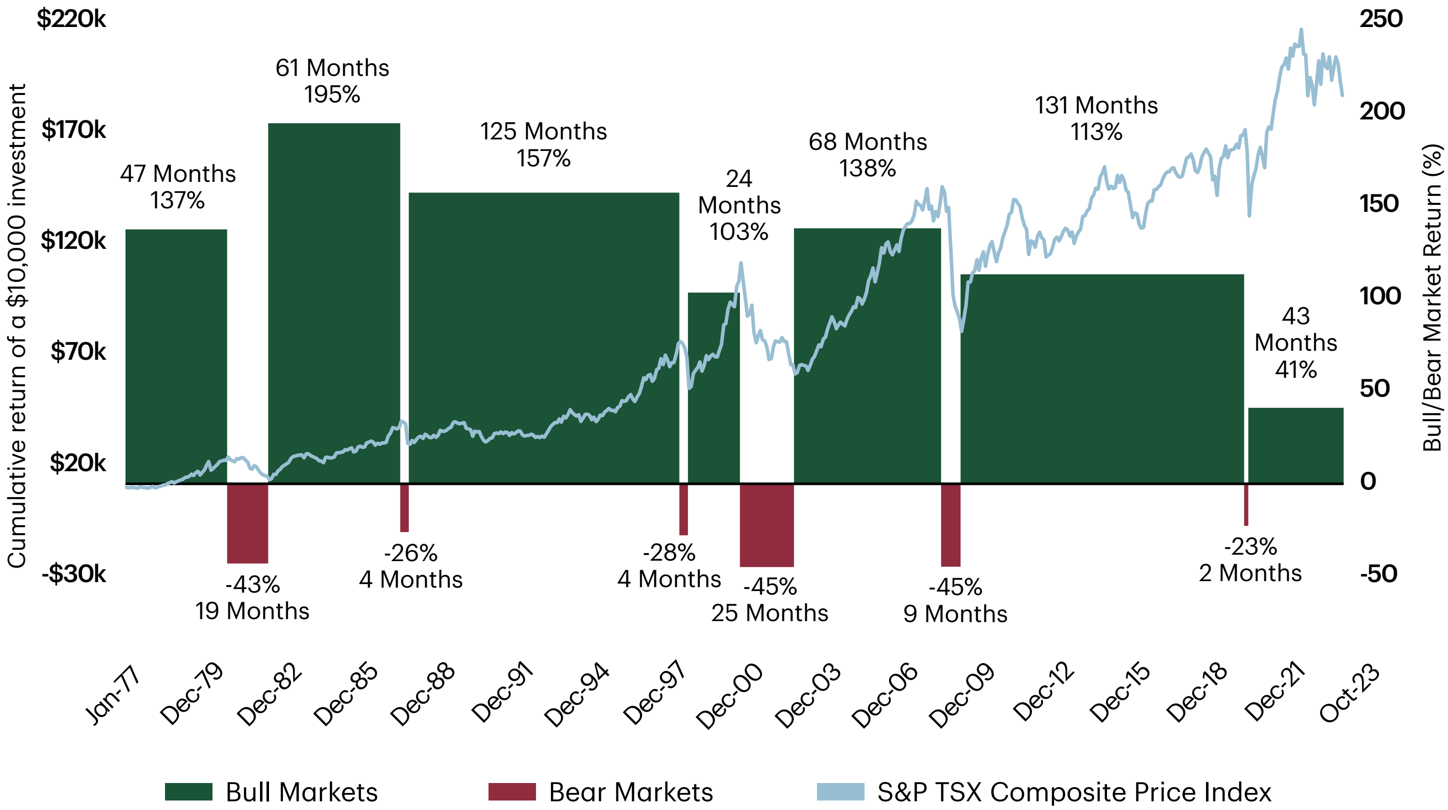
History has shown that after previous bear markets, Canadian equities recovered and resumed their upward trend. That's why it's important to remain focused on your long-term investment objectives.

Investors who sell during bear markets may miss out on significant returns during recovery periods and bull markets.

Investors who stay invested during the bear markets have historically benefited from the recovery period and the next bull market[1]

S&P/TSX Composite Index: Why staying invested is typically favourable over time

- Average Bull Market Duration = 71 Months
- Average Bull Market Return = 126%
- Average Bear Market Duration = 10 Months
- Average Bear Market Return = -35%



[1]Generally the terms bull market and bear market describe upward and downward market trends, respectively. In the illustration above, we classify a price movement of 20% or more (up or down), over any given period, as a bull or bear market respectively. We classify a price decline of 10% or more, over any given period, as a market correction.

Source: TD Asset Management Inc. and Morningstar®. For illustration purposes only. The index returns are shown for comparative purposes only. Data displayed shows monthly returns from January 1, 1977 to October 31, 2023. Drawdowns are defined as a decline of 20% or more. 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.

Focused

Invested

For more information, please speak with an investment professional.

Connect with TD Asset Management

(1223)