



The Risks of Emotional Investing and How to Avoid Them

Many investors let their emotions guide their investment decisions, which may lead them to buy or sell at inopportune times.¹ Emotionally-driven decisions can have a significant impact on your portfolio.

Euphoria leads investors to buy at market peak

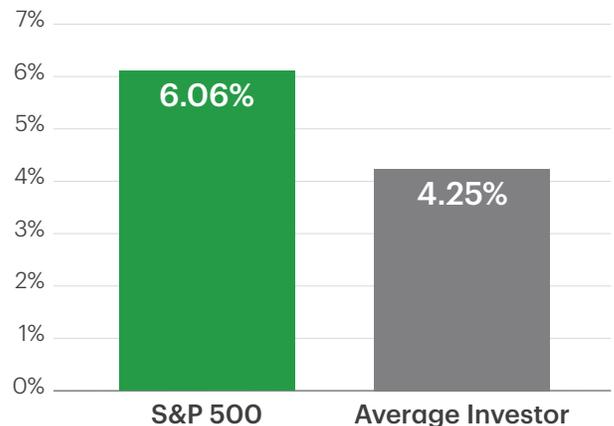


¹Source: Barclays, Cycle of Investor Emotions, 2016.

Over the past 20 years, the average return for the S&P 500 was 6.06% compared to the average return for an equity fund investor who only received a return of 4.25%—a difference of 1.81% mainly attributed to investor behavior.²

²Source: Dalbar's Quantitative Analysis of Investor Behavior, 2019. Based on U.S. data. U.S. equity market is represented by the S&P 500 total return index.

Average annual returns, 2000- 2019²



Investor

Market fluctuations in history

Do you hesitate when it comes to investing in the stock market? Maybe you feel that the time is not right. Perhaps you find the economy too unsettling or feel that current events suggest you should wait until things “settle down” or are more predictable.

Despite our emotions regarding the market, when we look through a historical lens, we can see that markets rebounded from negative factors impacting their performance, and eventually surpassed their previous highs.



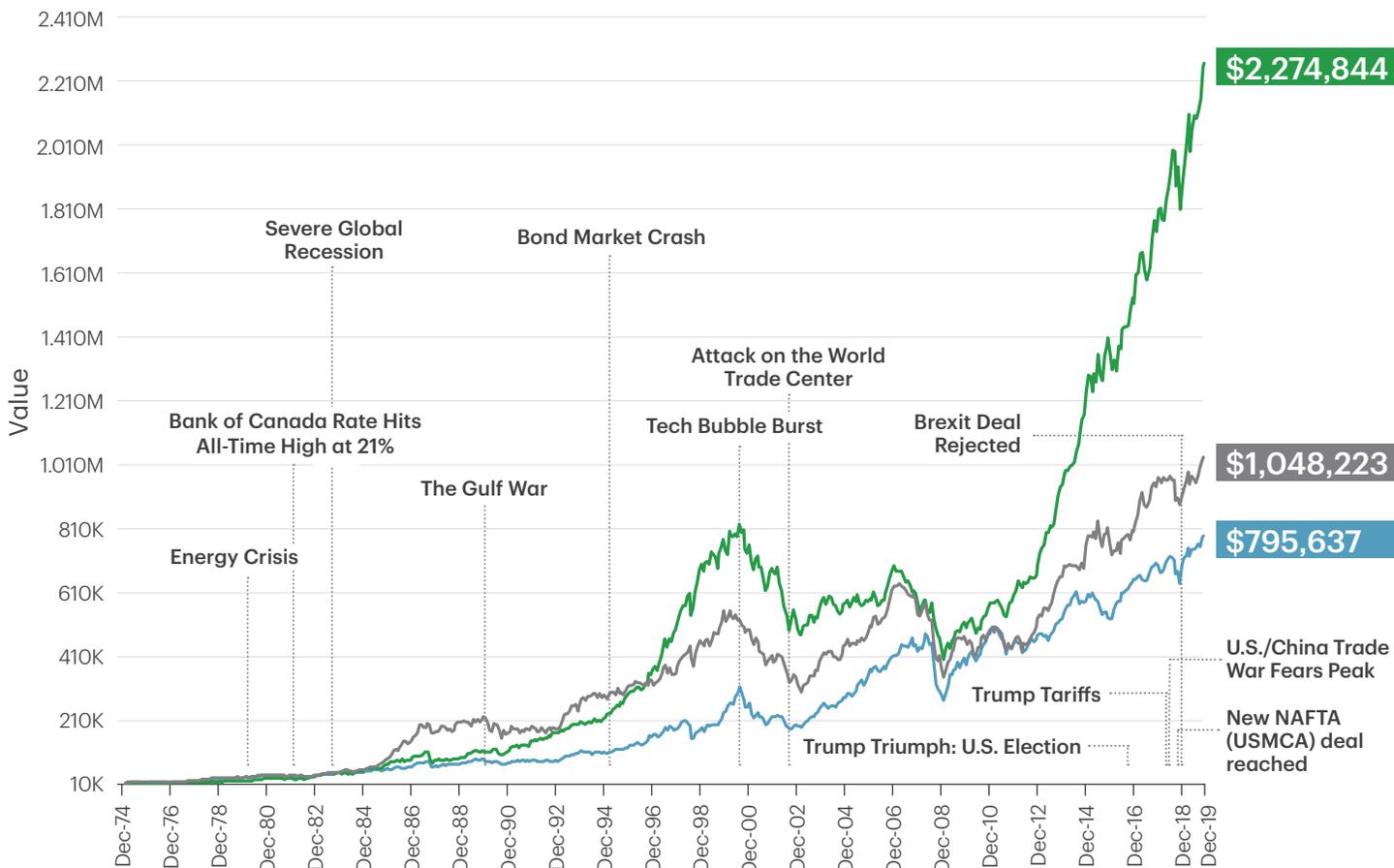
Investors who stayed invested for the long term—through good times and bad—prospered

Growth of \$10,000

over more than 40 years from January 1, 1975-December 31, 2019

Historically, those who invested regularly in a diversified portfolio and stayed invested for the long term have benefited. That’s because markets rose despite temporary downturns.

● S&P 500 Total Return Index C\$ ● MSCI EAFE Gross Total Return Index C\$ ● S&P/TSX Composite Total Return Index



Source: Bloomberg Finance L.P., TD Asset Management Inc. Data as of December 31, 2019.

Avoiding emotional decisions starts with a plan

If you're looking to keep emotions out of your investment decisions, start by speaking with your investment professional about developing a customized investment plan. A plan can help you see the big picture, making it easier to

make decisions and stay on track to meet your goals. When markets turn volatile, turn to your investment professional for guidance and remember that making sudden investment decisions can place your plan at risk.

Prosper

For more information, please contact your **investment professional**.



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