



# 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.<sup>1</sup> Emotionally-driven decisions can have a significant impact on your portfolio.

## Euphoria leads investors to buy at market peaks



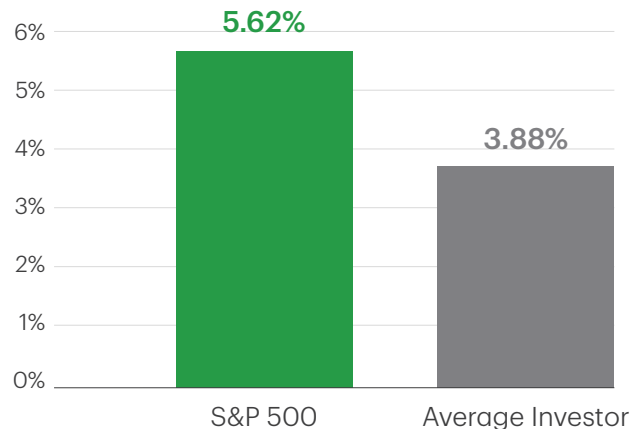
<sup>1</sup>Source: Barclays, Cycle of Investor Emotions, 2016.

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<sup>2</sup>Source: Dalbar's Quantitative Analysis of Investor Behavior, 2018. Based on U.S. data. U.S. equity market is represented by the S&P 500 total return index.

Average annual returns, 1997- 2018<sup>2</sup>



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.



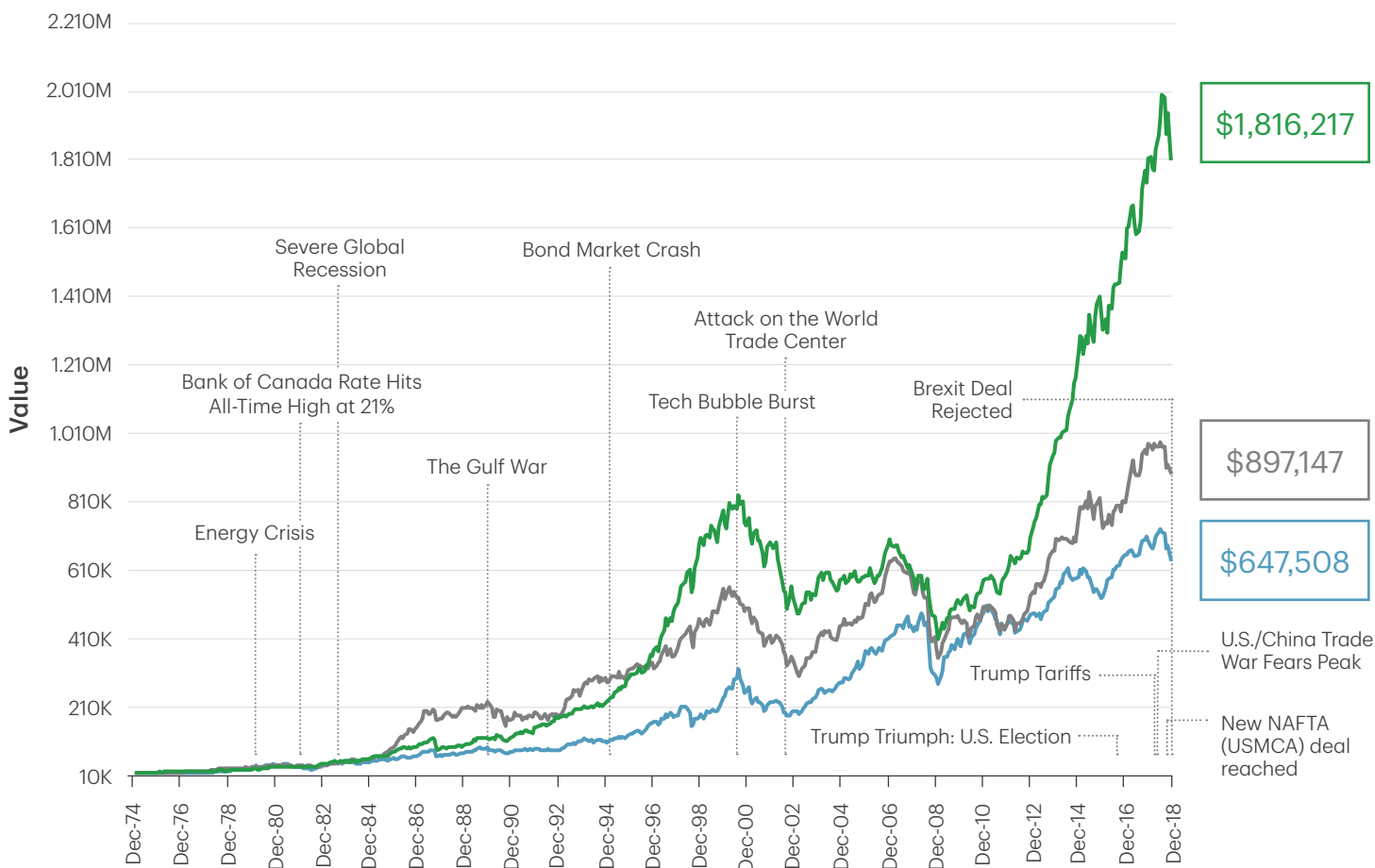
**Investors who stayed invested for the long term—through good times and bad—prospered**

## Growth of \$10,000

over more than 40 years from January 1, 1975-December 31, 2018

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 Inde C\$ ● S&P/TSX Composite Total Return Index



Source: Bloomberg Finance L.P., TD Asset Management Inc. Data as of December 31, 2018.

# 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.

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



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