The Rise and Fall of Emotional Investing

Have you ever felt a thrill from purchasing a new investment? You begin with high hopes for the future, but as time draws on, the peaks and valleys that your investment undergoes as a result of normal market movements make you uncomfortable. Occasionally, your discomfort leads you to sell your investment simply to regain a sense of control. If this situation sounds familiar, you are not alone. Many investors let their emotions guide their investment decisions. However, emotional investing may influence us to buy and sell at inopportune times and eventually lose faith in our own financial decisions. **Break the cycle and consider investing for the long term.**

When markets fall, we may feel like dashing for the exit. However, by focusing on your **long term goals**, you can remain calm and **stay invested**.

When markets rise, we feel that our goals are coming closer to reality.


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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 the markets have traditionally rebounded from negative factors impacting their performance, and eventually surpassed their previous highs.

Growth of $10,000 from January 1, 1975 – December 31, 2014

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

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

For more information, talk to your Financial Advisor today.

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