

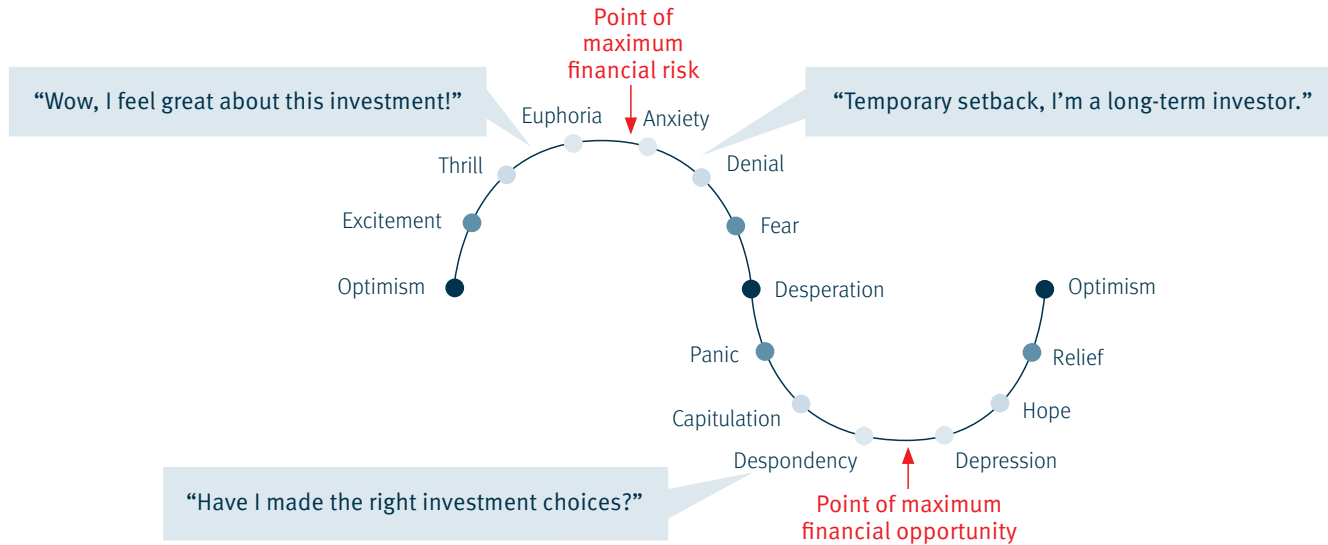
My Investing Guide

Expertise that inspires confidence



Setting your emotions aside

Investing can make you live a whole range of emotions.

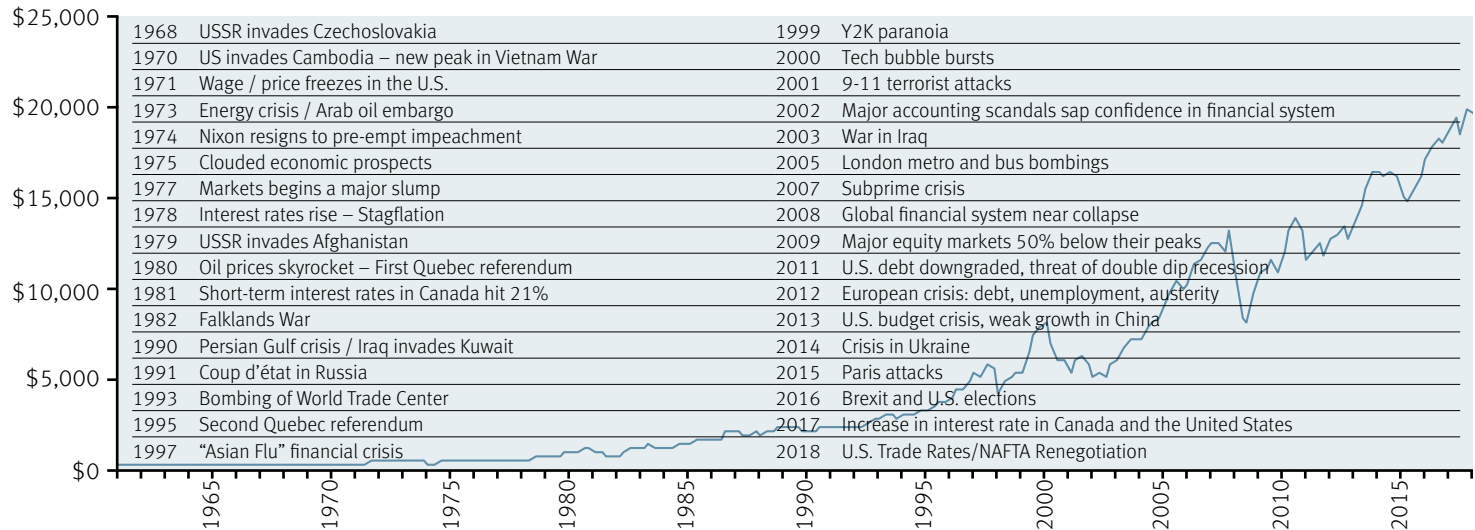


In terms of investment, letting your emotions take over is rarely a winning strategy.

Setting your emotions aside

Bad news fails to derail a long-term trend.

Growth of \$100 invested in the S&P/TSX Total Return Index



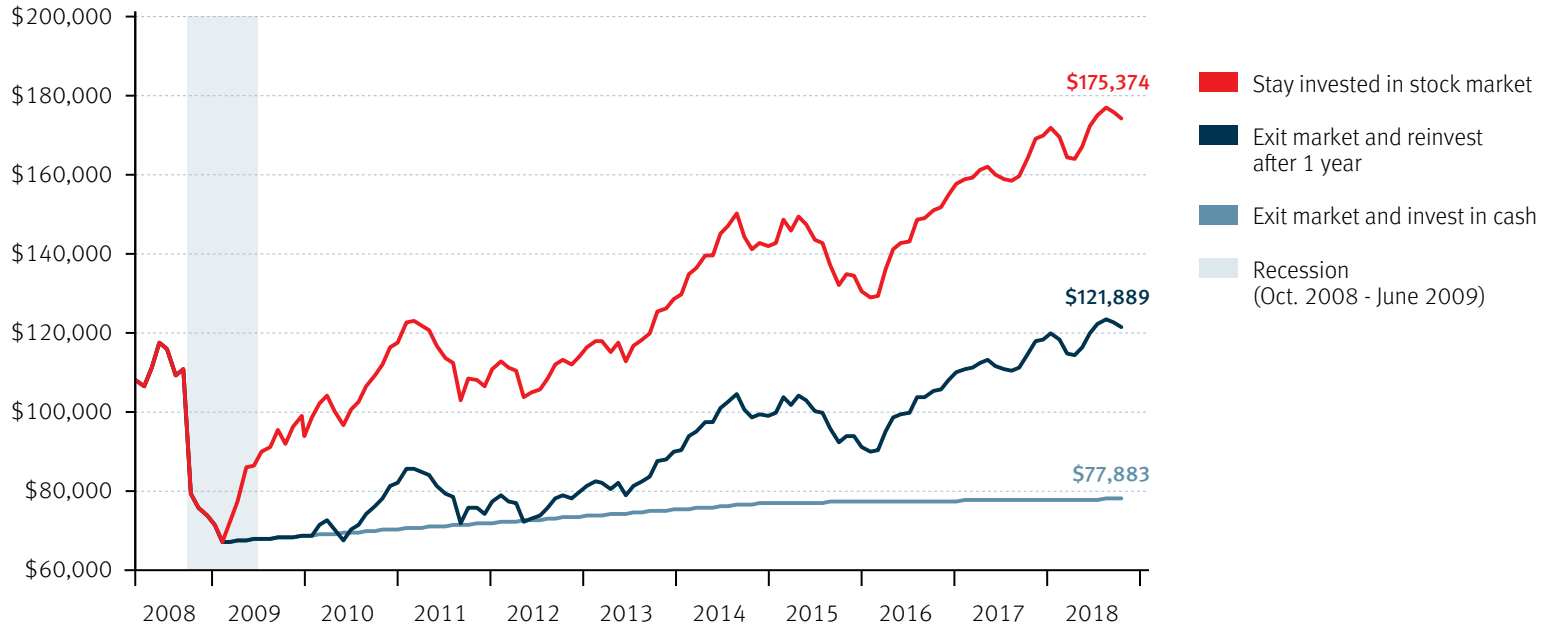
Despite the bad news in past years, the S&P/TSX index has generated an average annual compound return of 9.5%.

Source: Bloomberg.

Total return for the S&P/TSX Composite Index from September 1, 1960 to September 30, 2018. Effective May 1, 2002, the TSE 300 Composite Index was retired and replaced with the S&P/TSX Composite Index. For more information on the changes to this index, please visit tsx.com.

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The importance of staying invested



Staying invested despite market fluctuations can be more advantageous than trying to time the market.

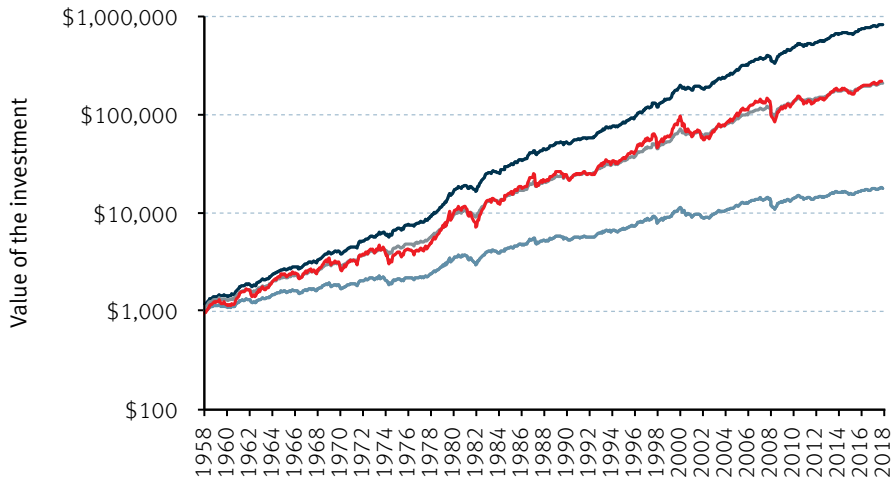
All values are represented in CAD. Past performance is no guarantee of future results. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. Market: S&P/TSX. Source: Bloomberg, from March 1, 2008 to September 30, 2018.

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Resisting the temptation to time the markets

Results for an investor who tries to time the markets

(moves in and out of the market every month, based on his expectations for returns)



If the investor made the right decisions...	His return would have been...
— 50% of the time	4.74%
— 60% of the time	9.05%
— 65.60% of the time	11.55%
— If the client had stayed invested 100% of the time, his return would have been 9.05% (return of the S&P/TSX).	

To obtain a return equal to that of the S&P/TSX, the investor would have had to make the right decisions 60% of the time. Achieving 65.60%, i.e., 2.5% more than the index would be exceptional, even unrealistic. In addition, frequently moving in and out of the markets could trigger more fees for the investor!

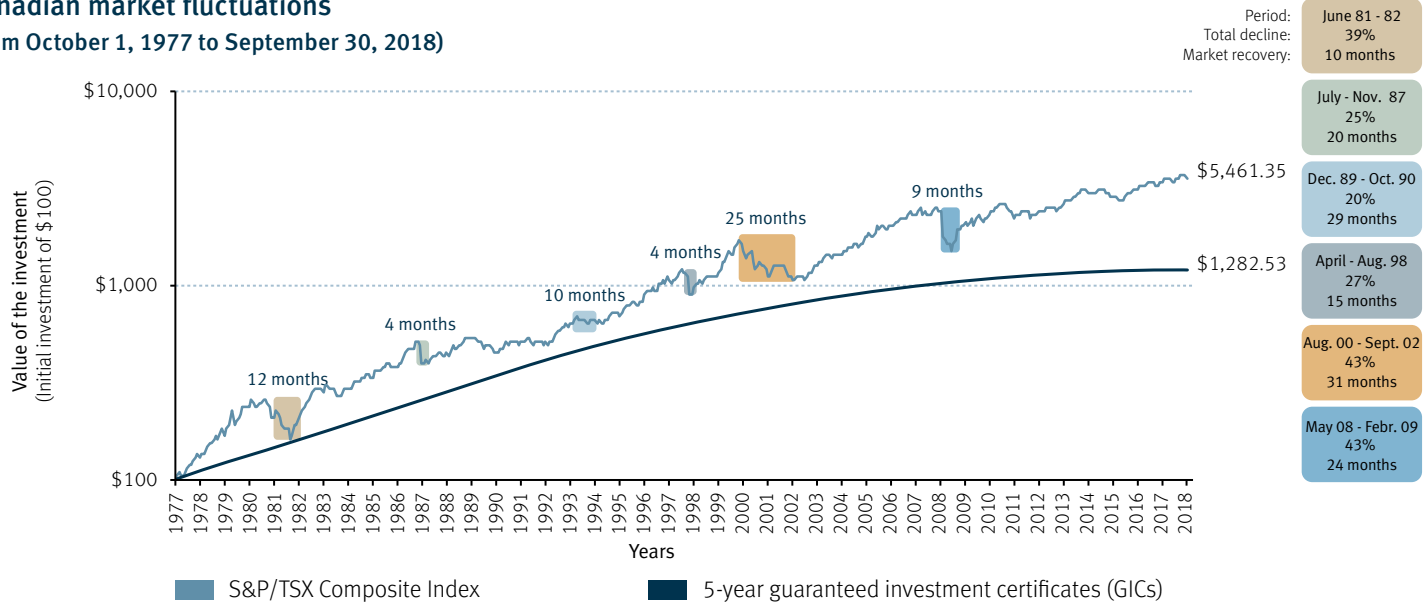
Source: Bloomberg, from January 1, 1958 to September 30, 2018.

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Stay the course

Canadian market fluctuations

(from October 1, 1977 to September 30, 2018)



Every asset category, over the long term, experiences growth despite market fluctuations.

Source: Bloomberg.

Total return for the S&P/TSX Composite Index from October 1, 1977 to September 30, 2018. Effective May 1, 2002, the TSE 300 Composite Index was retired and replaced with the S&P/TSX Composite Index. For more information on the changes to this index, please visit tsx.com.

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Why diversify?

Indices will always have their ups and downs.

Through proper diversification, you can mitigate some of the risk associated with volatility.

2006-2018 Annual return in percentage by asset category

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
32.76	18.75	6.42	55.08	17.58	9.87	15.96	41.42	24.25	20.70	21.08	28.29	3.99
27.14	9.81	3.33	35.04	12.16	9.67	15.20	36.02	15.30	18.65	8.90	16.91	1.41
20.94	4.43	-13.39	15.23	9.16	4.40	13.98	31.62	11.18	18.53	8.61	14.60	1.38
17.22	3.68	-22.62	14.87	8.33	1.29	13.53	13.52	10.55	5.10	7.57	13.47	-0.20
16.08	2.07	-26.73	13.45	6.74	1.00	7.61	12.98	8.79	3.52	5.17	9.08	-1.65
12.41	-5.10	-30.10	9.72	5.76	-2.94	7.18	4.30	7.04	1.58	1.66	7.78	-5.85
4.06	-6.78	-33.02	5.41	1.83	-8.72	3.60	1.01	4.38	0.63	0.51	2.52	-6.81
3.98	-10.28	-42.54	0.63	0.54	-16.42	1.01	-1.19	0.91	-8.33	-1.33	0.56	-8.88

■ Canadian stocks	S&P/TSX Composite
■ International stocks	MSCI Europe, Asia, and Far East (EAFE) in CAD
■ U.S. stocks	S&P 500 in CAD
■ Canadian bonds	FTSE TMX Canada Universe Bond Index
■ Global stocks	MSCI World in CAD
■ 91-day T-Bill	FTSE TMX Canadian 91-Day T-Bill
■ Emerging markets	MSCI Emerging Markets in CAD
■ Balanced profile*	

* The Balanced profile is represented by a combination of the following indices: 45% FTSE TMX Canada Universe Bond Index, 25% S&P/TSX, and 30% MSCI World in CAD.

Source: Bloomberg and Morningstar, from January 1 to December 31.

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National Bank Investments

1-877-463-7627, option 8, then 1
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