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Special Report:
Volatility is Nothing New!

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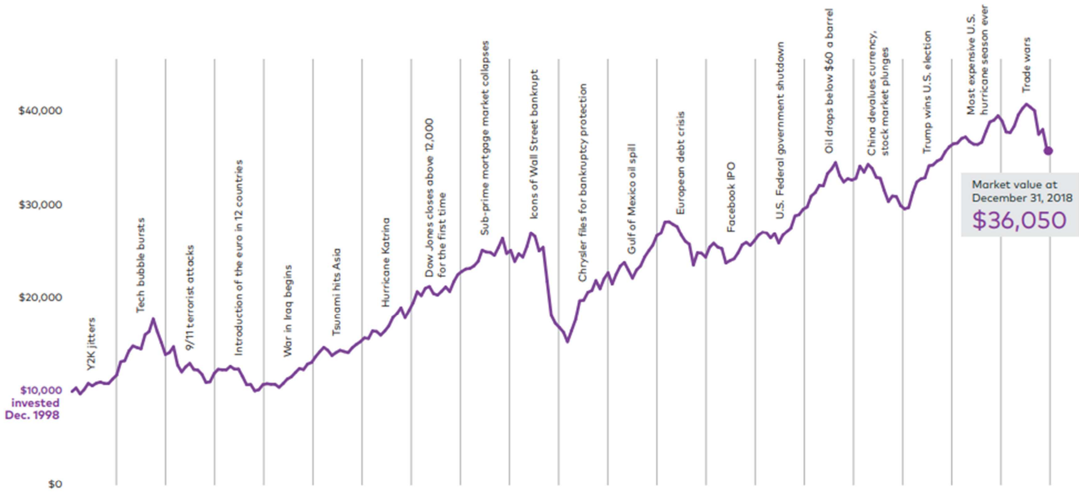
You may have watched the news, heard from a friend/colleague or read an article on the Internet about how the markets have been volatile. There have been some indicators recently that have been accurate in predicting a future (not immediate) recession. The best way to be prepared for market volatility is to understand the past and have a plan for the future.

A Good Reason to Stay Invested

Over the last 20 years, there have been many reasons not to invest in the markets. Yet history has rewarded those who look past these reasons and stay invested for the long term.

Below is a graph that shows if you invested $10,000 in the S&P/TSX Index at the beginning of 1999 to the end of 2018 it would be worth $36,050. You can see that it isn't all a smooth ride. Over the past three decades there has always been volatility in the markets. I'm never supposed to use the word 'guarantee', but I can guarantee that volatility will always be around!

It is human nature to be emotional. My last Quarterly Commentary for clients focused on what type of investor you are. The Preserver, Follower, Independent or Accumulator. Understanding what type of investor you are can help you with your own decision making. You can read my Quarterly Commentary clicking here.



Year ended Dec. 31	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Calendar returns	31.7%	7.4%	-12.6%	-12.4%	26.7%	14.5%	24.1%	17.3%	9.8%	-33.0%	35.1%	17.6%	-8.7%	7.2%	13.0%	10.6%	-8.3%	21.1%	9.1%	-8.9%

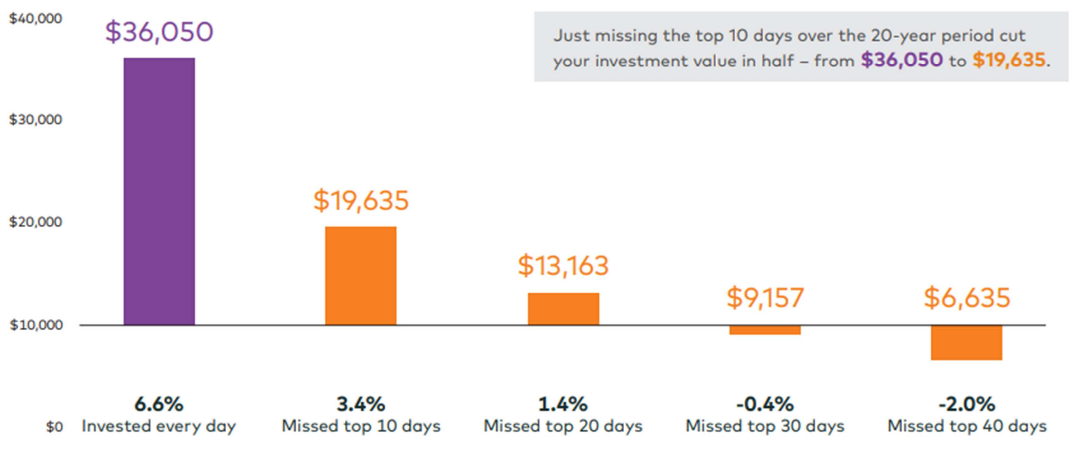
Source: Morningstar Direct, S&P/TSX Composite Total Return Index, as at December 31, 2018 (compounded monthly).
All information in Canadian dollars unless otherwise stated. The information provided is for illustrative purposes only and is not meant to provide investment advice. You cannot invest directly in an index.

Time in the Markets vs. Timing the Markets

When market volatility occurs, it may be tempting to pull your money out of the market. However, that could have a significant impact on your investments longer term.

The graph below shows that it is still worthwhile to be invested in the broad markets because time in the market is important. Nobody has a crystal ball. Missing out of some of the top days in the markets could impact your returns longer term.

One thing I always keep in mind for clients is their unique situation and time horizon. It might be in a client's best interest to look at being more conservative in cash for a part of their portfolio.



$10,000 investment in the S&P/TSX Composite Total Return Index for the 20 years ended December 31, 2018.

Source: AGF Investment Operations as at December 31, 2018. For illustrative purposes only. You cannot invest directly in an index. Past returns are not indicative of future results.

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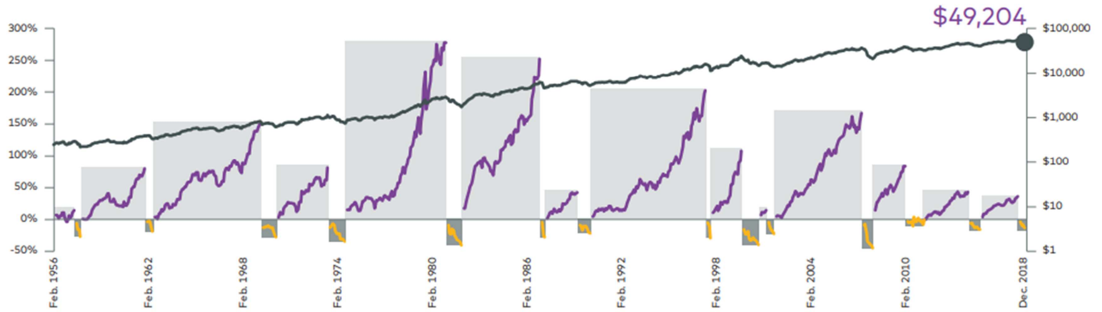
Bulls versus Bears

A bull market is a prolonged period in which market prices move UPWARDS over an extended period of time.

A bear market is a prolonged period in which market prices move DOWNWARDS over an extended period of time.

Throughout history, bull markets are, on average longer and more intense than bear markets. Not only do they last longer, their percentage swings are more significant.

The Facts:
Average length of a bear market: 8.6 months
Average drop in a bear market: -24.7%
Average length of a bull market: 45.1 months
Average gain in a bull market: 111.8%



Market Correction or Bear Market?

Market correction can be unnerving to investors trying to understand if the decline is a shorter-term pull back or the beginning of a sustained downturn. Shorter-term declines or 'market corrections' happen frequently and can trigger the fear of a bigger market decline - but most don't actually result in a bear market, a decline of 20%.