

Gottesman Wealth Advisory BMO Nesbitt Burns



Let's connect

Gottesman Wealth Advisory
BMO Nesbitt Burns

Abe Gottesman, CFA, MBA
Investment Advisor, Portfolio Manager

Victoria Karkar
Administrative Assistant

1 First Canadian Place
38th Floor

MSX 1H3
Tel: 416-359-7721
Toll Free: 1-800-263-2286

www.GottesmanWealthAdvisory.com

Quarter 3, 2019: What's Happening?

Gottesman Wealth Advisory Team newsletter

Have you ever found yourself driving on the Highway 401 (for those of you not living in the GTA (Greater Toronto Area), Highway 401 is the main highway in Toronto) stuck in traffic, which is not surprising considering it is the busiest highway in North America (Source: Wikipedia) and constantly switching lanes? And just as you switch lanes, the lane that you just switched from starts moving again?? Well, guess what, you are not alone, at least in the investment sense. Dalbar, a financial services firm, did a study on the average returns from 1993 – 2012 and what follows is a list of annualized returns:

- Gold: 8.4%
- Stocks: 8.2%
- Oil: 8.1%
- Bonds: 6.3%
- Int'l stocks: 6.1%
- Inflation: 2.8%
- Homes: 2.7%
- Avg. Investor: 2.3%

The average investor did worse than any one asset class and in fact, did not even manage to beat inflation. Why? The answer is because they invested with their emotion and switched at the wrong times. Getting back to our Highway 401 example, I don't know what the right answer is when it comes to switching lanes but when it comes to investing, I do know that the correct answer is to have a long-term plan and sticking to it!

Gold: change in spot price of gold in USD per ounce

Stocks: S&P 500

Bonds: Barclays US Aggregate Bond Index

Homes: Existing One Family Home Sales Median Price Index

Int'l Stocks: MSCI EAFE Index

Inflation: Consumer Price Index

Avg. Investor: Dalbar's average asset allocation investor return