Don't let your emotions get the best of your investments

Client note

Investing can be emotional. Even seasoned investors may act impulsively in the face of turbulent markets, after reading incendiary headlines, or in pursuit of the hottest new fund. That's why a carefully considered investment plan is an important tool to help you keep things in perspective. In times of uncertainty, ask:

> Have my goals changed?
> Has my time horizon changed?
> Have my constraints changed?

Yes. Meet with your advisor to revisit your financial plan.

No. Odds are, you'd do well to stick with your financial plan.

This is standard financial advice. Yet, like many investors, you may find yourself considering an impromptu change to your portfolio.

Here are a few tips to keep you on track:

☐ **Fully understand your financial plan**

- Your plan should be based on your individual circumstances including asset allocation, risk tolerance, savings rate and short- and long-term goals.
- Understanding the reasoning behind the elements of your plan can help you stick to it over the time.

☐ **Focus on asset allocation, not funds**

- Unlike with a consumer purchase, product ratings are typically poor criteria for investment decisions.
- Product selection and market timing account for only 12% of a diversified portfolio's returns over time. Asset allocation drives the other 88%.[1]

☐ **Stay focused on your long-term progress**

- The performance of a single investment or asset class is less important than the performance of your entire portfolio over time.

☐ **Avoid reactionary decisions**

- Investors who flee the market may miss the worst *and the best* trading days.
- A balanced portfolio is designed to withstand market turbulence over time.
- Impulsive actions disrupt adherence to your financial plan, which was carefully constructed to best serve your needs.

1 Scott J. Donaldson, Maria Bruno, David J. Walker, Todd Schlanger, and Francis M. Kinniry Jr., 2013. Vanguard's framework for constructing diversified portfolios. Valley Forge, Pa.: The Vanguard Group.

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☐ **Work with your advisor to rebalance**

- Sticking with your financial plan also means rebalancing as scheduled.
- While you may be reluctant to sell a few good performers, maintaining your asset allocation is important to help minimize risk.
- Historically, portfolios that were rebalanced as scheduled fared better than those that weren't.

☐ **Revisit the *Principles for investing success***

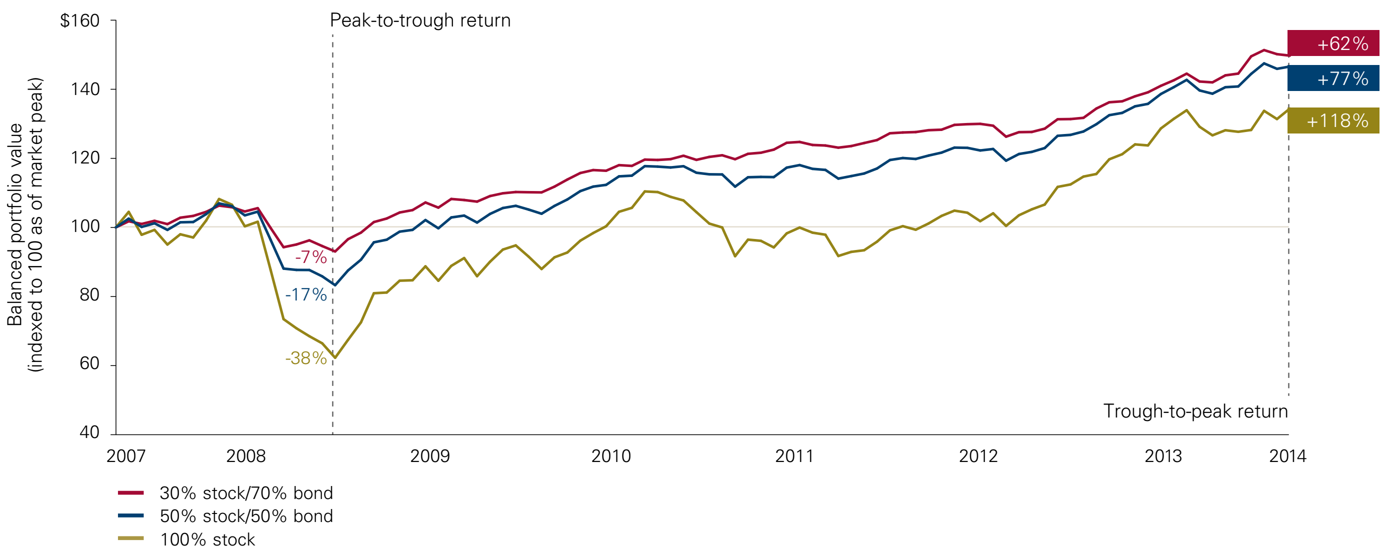
- A focus on goals, balance, costs and discipline is an important foundation for a successful portfolio.

Consult your advisor

Your advisor can help you

- Put headlines in perspective.
- Review your financial plan.
- Understand each of your options.
- Recognize the realistic implications of any potential change.

A balanced, diversified investor has fared relatively well



Notes: Stocks are represented by MSCI Canada Total Return Index, and bonds are represented by Barclays Canadian Issues 300MM Index.
Sources: Data provided by Barclays Live and Thomson Reuters Datastream, as of April 1, 2015.

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