

KNOWL
EDGE

The Risks of Emotional Investing and How to Avoid Them

Many investors let their emotions guide their investment decisions, which may lead them to buy or sell at inopportune times.¹

Emotionally-driven decisions can have a significant impact on your portfolio.

Euphoria leads investors to buy at market peaks



¹Source: Barclays, Cycle of Investor Emotions, 2016.

Over the past 20 years, the average return for the S&P 500 was 5.62%

compared to the average return for an equity fund investor who only received a return of 3.88%—a difference of 1.74% mainly attributed to investor behavior.²

²Source: Dalbar's Quantitative Analysis of Investor Behavior, 2018. Based on U.S. data. U.S. equity market is represented by the S&P 500 total return index.

Average annual returns, 1997- 2018²



Market fluctuations in history

Do you hesitate when it comes to investing in the stock market? Maybe you feel that the time is not right. Perhaps you find the economy too unsettling or feel that current events suggest you should wait until things "settle down" or are more predictable.

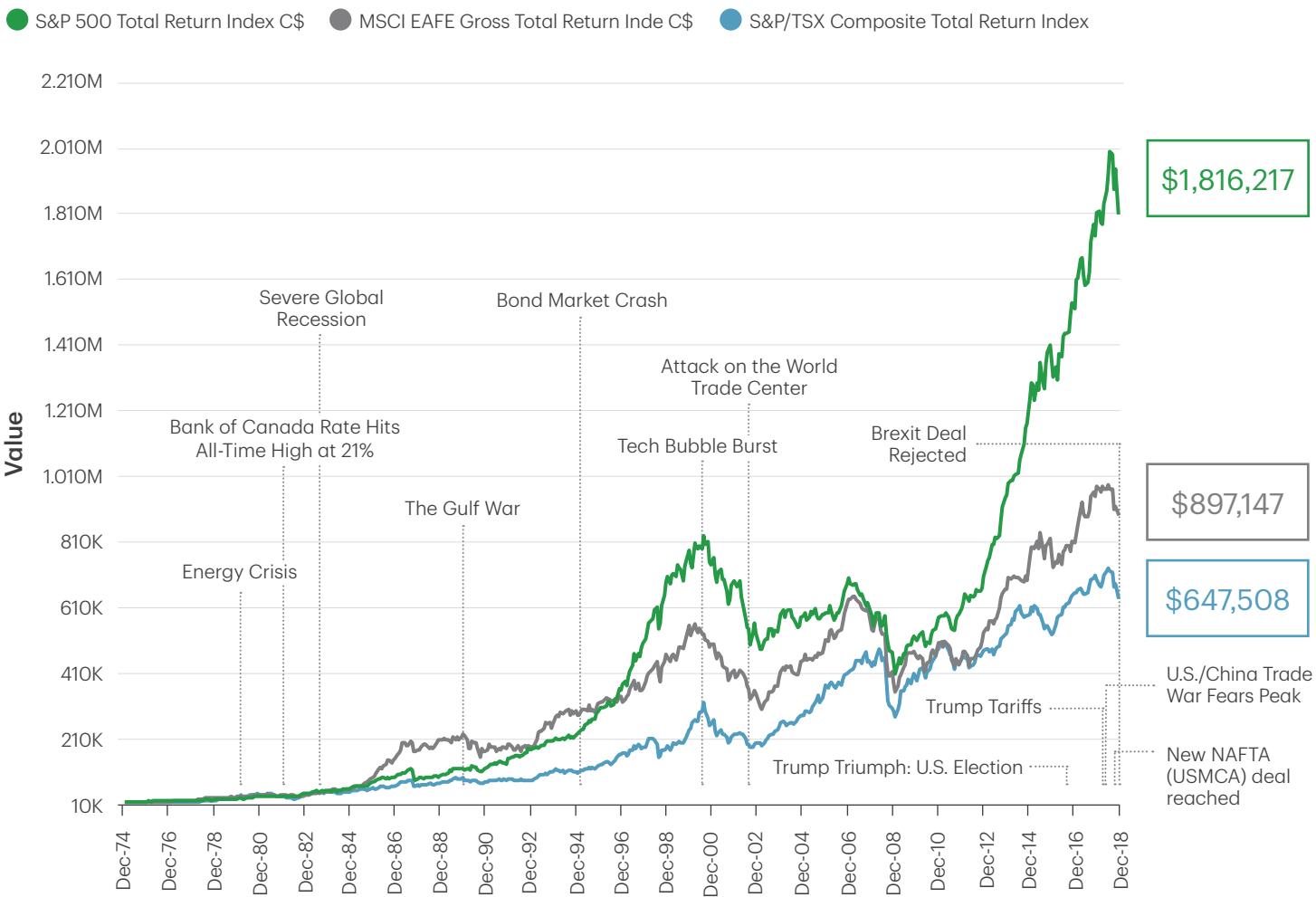
Despite our emotions regarding the market, when we look through a historical lens, we can see that markets rebounded from negative factors impacting their performance, and eventually surpassed their previous highs.

Investors who stayed invested for the long term—through good times and bad—prospered

Growth of \$10,000

over more than 40 years from January 1, 1975-December 31, 2018

Historically, those who invested regularly in a diversified portfolio and stayed invested for the long term have benefited. That's because markets rose despite temporary downturns.



Source: Bloomberg Finance L.P., TD Asset Management Inc. Data as of December 31, 2018.

Avoiding emotional decisions starts with a plan

If you're looking to keep emotions out of your investment decisions, start by speaking with your investment professional about developing a customized investment plan. A plan can help you see the big picture, making it easier to make decisions

and stay on track to meet your goals. When markets turn volatile, turn to your investment professional for guidance and remember that making sudden investment decisions can place your plan at risk.

For more information, please contact your **investment professional**.



The information contained herein has been provided by TD Asset Management Inc. and is for information purposes only. The information has been drawn from sources believed to be reliable. Graphs and charts are used for illustrative purposes only and do not reflect future values or future performance of any investment. The information does not provide financial, legal, tax or investment advice. Particular investment, tax, or trading strategies should be evaluated relative to each individual's objectives and risk tolerance. Index returns are shown for comparative purposes only. Indexes are unmanaged and their returns do not include any sales charges or fees as such costs would lower performance. It is not possible to invest directly in an index. TD Asset Management Inc. is a wholly owned subsidiary of The Toronto-Dominion Bank. Bloomberg and Bloomberg.com are trademarks and service marks of Bloomberg Finance L.P., a Delaware limited partnership, or its subsidiaries. All rights reserved. All trademarks are the property of their respective owners. [®]The TD logo and other trade-marks are the property of The Toronto-Dominion Bank. (0919)