**TD Asset Management**

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# Stick to the Plan, Staying Invested

## Worst Case Scenario... Or is it?

What if you decided to start investing on January 1, 2008, just months before one of the worst financial crises of all time. Sounds like awful timing, right? The results might be surprising. **Figure 1** is an illustration of how "Sticking to the Plan" can work, even through a crisis. When do you start investing? When do you sell? Through the below example, we are going to show you the potential results of investing right before one of the worst financial crises.

### Sticking to the plan[1]

What is this plan? Your typical, *dollar-cost-averaging*[2]. This involves discipline, and tuning out the noise & headlines. **Figure 1** is showing what would happen if you invested $1,000 on January 1, 2008, and re-invested $100 per month thereafter.

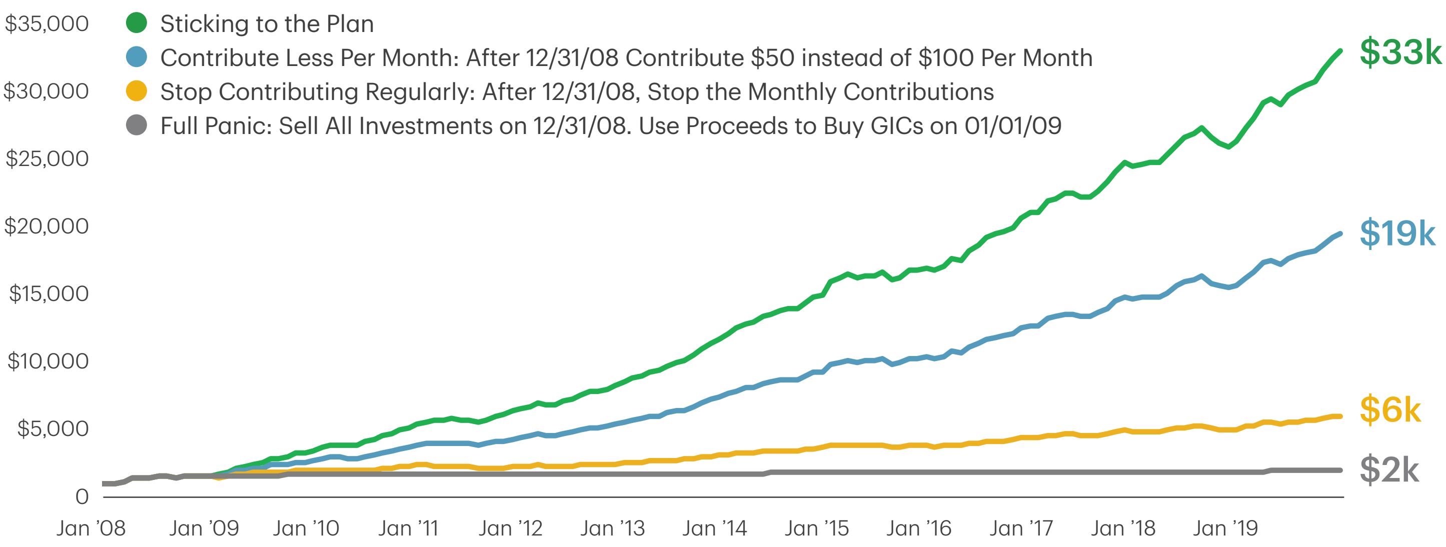
**Fun Fact[5]:** The average household in Canada pays $101 per month for their cell phone plans!

### Not Sticking to the plan[3]

Panic, Panic, Panic! September 29, 2008, you read the newspaper and see that the market has had the worst day in 2 decades. Lets look at three different reactions:

1. Contribute Less Per Month
2. Stop Contributing Regularly
3. Full Panic (GICs instead)[4]

**Figure 1**




Source: TD Asset Management, Bloomberg Finance L.P., as of December 31, 2019. Sticking to the Plan: Is showing the results of 50% S&P/TSX Composite Total Return Index and 50% S&P 500 Total Return Index. Values are in C$.

# “Here we go again”

COVID-19 is having real implications to the markets and the economy. **Figure 1** shows how the markets may react negatively in the short-term, but how “sticking to the plan” could pay off in the long term.

1

**Contribute Less Per Month:**
Market value is **~74% higher** if you would have stuck to the plan

2

**Stop Contributing Regularly:**
Market Value is **~450% higher** if you would have stuck to the plan

3

**Fully Panic (GICs instead):**
Market value is **~1,550% higher** if you would have stuck to the plan

If history is any indication, **staying invested** & **contributing frequently** to your investments can pay off in the long term. Put down the newspaper (...or your smartphone) and **Stick to the Plan!**

The above is an example of how a financial plan could work in the long run. Your financial goals may be different, and therefore if you have any questions, please consult your **TD Representative**.

[1] Sticking to the plan is assuming that you are investing in C$. Returns are represented by 50% S&P/TSX Composite Total Return Index and 50% S&P 500 Total Return Index – C$. [2] Dollar-cost averaging (DCA) is an investment strategy in which an investor divides up the total amount to be invested across periodic purchases of a target asset in an effort to reduce the impact of volatility on the overall purchase. The purchases occur regardless of the asset’s price and at regular intervals; in effect, this strategy removes much of the detailed work of attempting to time the market in order to make purchases of equities at the best prices. Dollar-cost averaging is also known as the constant dollar plan. [3] For all three of the situations, we are assuming they begin after December 31, 2008. The market value at this point in time was $1,619. [4] Full Panic is referring to selling everything and using the proceeds to invest into GICs. GIC rates used are 5 year average GIC. Source: Morningstar® Direct. Assuming Investment into GICs as of January 1, 2009. [5] Source: Communications Monitoring Report 2019, CRTC. Source: TD Asset Management, Bloomberg Finance L.P., as of December 31, 2019.