

Long-Term Investing



Stay invested and realize your goals

Focus on the BIG picture – choosing the right investments

Investors have different investment goals. Whatever your goals may be, it's crucial to take a targeted investment approach.



Where are you focused?

Short Term	Long Term
Watching daily portfolio value?	What are your retirement goals?
How quickly do you need cash?	What's your time horizon?
Everyday essentials?	How is my money working for me?
Saving to buy a car?	Planning for your child's education?
What's today's headlines?	-
Investment Considerations:	Investment Considerations:
Liquidity	Inflation
Principal protection	Investment Growth
Low volatility	Compounding

It's important to match where you are focused with your investment goals.

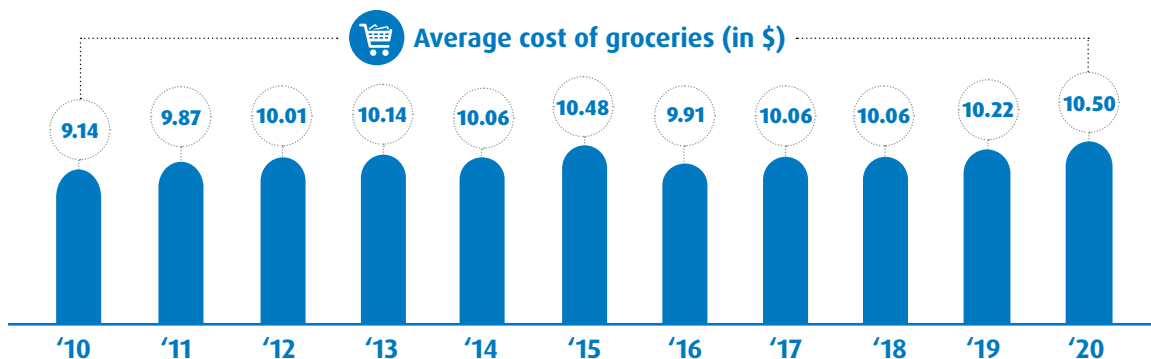
Options like GICs and fixed income solutions are better suited for investors focused on capital preservation. Investors who are seeking to build their long term wealth should focus on equity based solutions.

FACT

Taking a long-term view will help you reach your financial goals.

Stay ahead of inflation

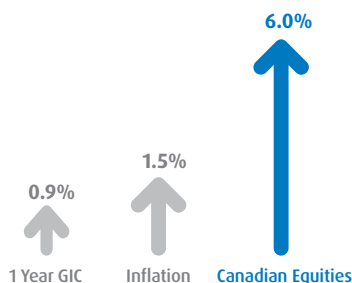
Inflation, the continued increase of the cost of goods and services, is an important consideration when you're making financial decisions, because even low inflation rates can eat away at your savings.



Source: Statistics Canada. BMO Asset Management Inc. The cost illustrates the total cost of one litre of orange juice, a dozen eggs and a loaf of bread.

As the cost of living in Canada continues to rise, consumer purchasing power decreases. The average cost of groceries in the last 10 years has increased more than 20%. If you want to keep up with the rising cost of living and eventually enjoy a financially secure retirement, you need to ensure that your money is growing at a higher rate than inflation.

Long term investors should be mindful when investing in low-returning conservative investment vehicles such as GICs, bonds, and cash equivalents as there is risk that inflation can significantly erode returns. Inflation poses a risk so it is important that investors protect their capital through equity based investments.



Source: Bank of Canada, Morningstar Direct. 1 year GICs are represented by the 10 year average rate. Canadian equities are represented by the S&P/TSX Capped Composite Index Total Return, and both inflation and Canadian equities show the 10 year annualized return. All figures as of November 30, 2020.

FACT

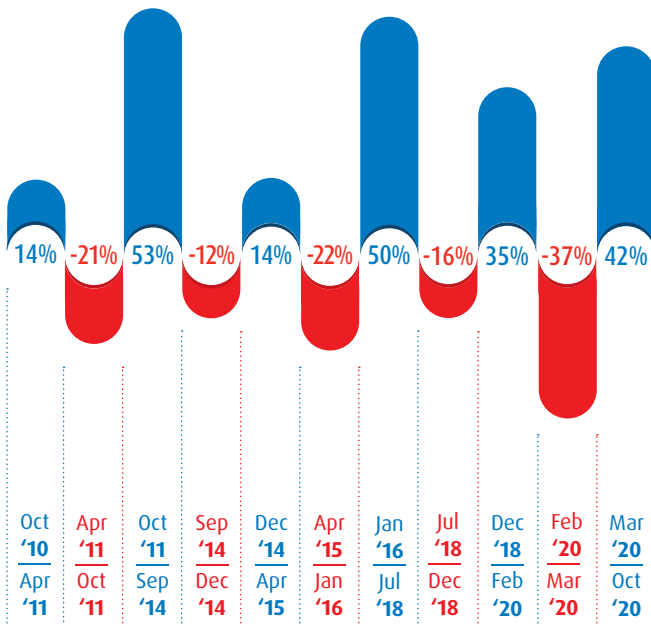
29% of Canadians anticipate having to delay their retirement and work part-time during retirement due to a shortfall in savings. - BMO Retirement Institute

Don't overreact to falling markets

Despite downfalls and pauses, markets have always had a strong recovery.

Market Crisis Opportunity

Declines in the market can create great investment opportunities.



Stay invested for the long term and benefit from the rise.

In the short term, equity markets tend to be volatile. Day-to-day fluctuations and market noise can cause you to react and potentially miss out on market opportunities. The key for you is to not make the mistake of selling at the bottom. Instead, you would be prudent to stay invested and catch the potential rapid rise after market events. Canadian equities in the last 10 years have significantly recovered after every fall, validating the importance of a long-term investment approach.

FACT

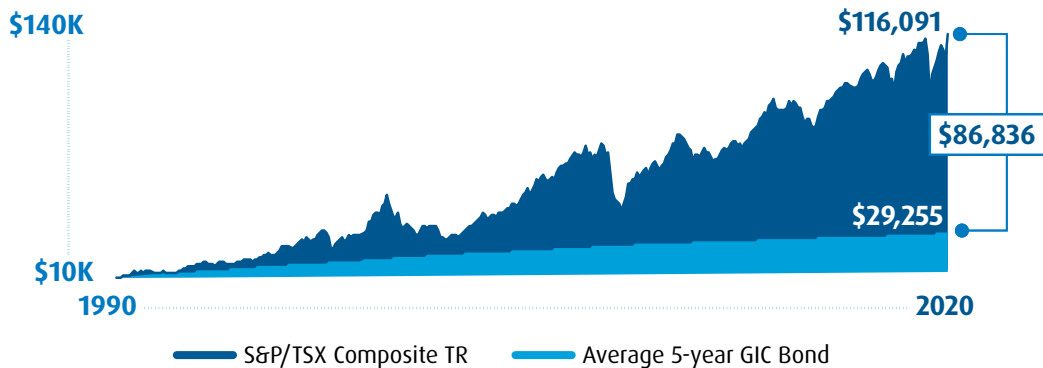
The risk for long-term investing is not short-term volatility. It's not reaching your investment goals.

Source: Morningstar Direct. Canadian Equities are represented by S&P/TSX Capped Composite Index Total Return. Declines over 10% are shown. As of November 30, 2020.

Reap the long term benefits

Staying invested in the market pays off. Looking from a long-term perspective, equities outperform and provide you with the best solution for building your nest egg.

Growth of \$10,000 invested 30 years ago



Source: Morningstar Direct. The scenario assumes an investor makes an initial investment of \$10,000 on December 1, 1990 until November 30, 2020. Canadian equities are represented by S&P/TSX Capped Composite Index Total Return and 5 Year GIC Index is represented by Morningstar GIC Index data.

It's not about timing the market; it's about time in the market that pays off in the long run.

Over the last 30 years, Canadian equities have had a meteoric rise. Looking back to rolling 10-year time periods, equities have proven to significantly outperform both 1-year and 5-year GICs. This means that if you're looking to grow your wealth with an investment time horizon of more than 10 years, long-term equity investments are your most effective option. Long-term investment in equities is the best way for you to maximize upside potential and reach your financial goals.

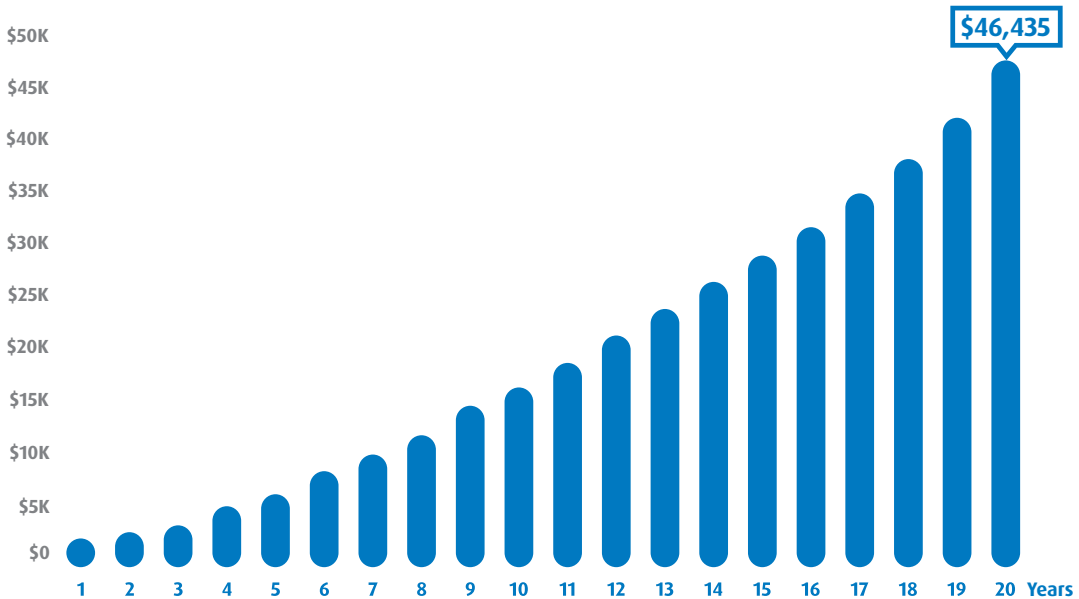
FACT

Over the last 30 years, if you started with a \$10,000 initial investment you could have potentially missed out on \$86,836 in gains by not investing in equity markets.

The power of compounding

Investing is not only about how much money you have; it's about how much time you have.

When a little becomes a lot



Source: This scenario assumes an investors is making a \$100 monthly contribution for 20 years, with a 6% annual compounded rate of return.

If you invest \$100 a month for 20 years with a 6% annual compounded rate of return, you will end up with \$46,435!

Compounding is one of the most effective ways for investors to increase their wealth over time. Compounding is the reinvestment of earnings back into the initial investment, meaning you can earn income on top of income. By making regular contributions you can enjoy the long term benefit of compounding. The longer you stay invested, the longer your money works for you and the more your wealth can grow!

FACT

The longer you stay invested, the more your investment can grow.

Why mutual funds?

A significant amount of time, research and money would be required for you to properly diversify in equity markets. Mutual funds can benefit you by providing:

- **Ease of investing** – As an investor, you can conveniently access a variety of investment markets.
- **Professional management** – Be at ease knowing that your investments are in the hands of professionals who have access to market insights on the latest trends and sound economic research.
- **Affordability** – You gain access to easy and cost-efficient portfolios of equity investments.
- **Diversification** – You can gain access to various sectors, countries and asset classes, which helps to decrease your portfolio risk.
- **Contributions** – You can make regular contributions and add to your holdings without trading costs.

Investment solutions for equity investors

BMO ETF Portfolios

These portfolios are designed as a suite of solutions that are tailored to your risk tolerance. They are core investment building blocks that provide you with diversified exposure to equities and fixed income.

BMO Dividend Fund

This fund is focused on growing income by investing in dividend growing stocks. This Fund focuses on the blue chip names that you know and trust to capture growth, while also gaining stability from dividend income.

BMO Tactical Dividend ETF Fund

This fund is managed by Larry Berman, host of BNN's top-rated program, "Berman's Call." This dividend-focused fund adapts to market conditions through ongoing tactical shifts.

BMO Concentrated Global Equity Fund

This fund invests in a concentrated portfolio of high quality, global companies with sustained growth at good valuations, using a long term investment horizon.

BMO U.S. Equity Fund

This fund seeks undervalued U.S. companies that the manager believes are below their intrinsic value and shows strong fundamentals to capture long-term growth.



Come in to your local BMO Branch, and speak to one of our trusted financial professionals to find out more.



Learn more
[bmo.com/mutualfunds](https://www.bmo.com/mutualfunds)

BMO Global Asset Management

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