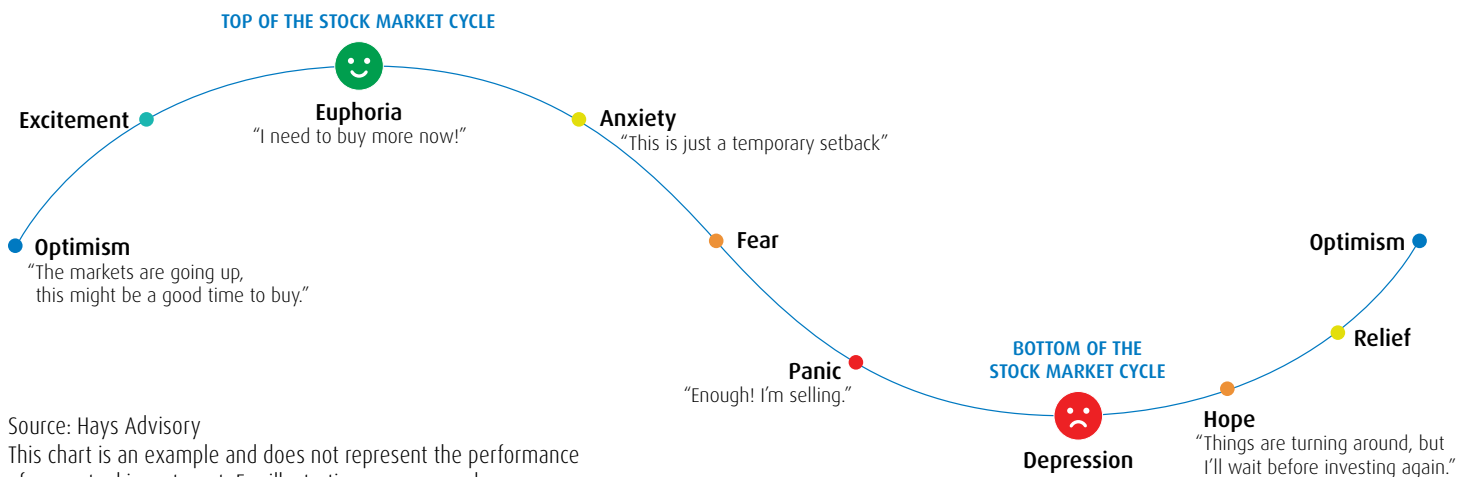


Investing and Emotions

It's not a surprise that Canadians are emotionally connected to their investments, especially those nearing retirement. For most their investments involve decades of savings, and sacrifices, to meet their retirement goal. But while investors have an emotional connection, they should also be aware how that connection can influence their decision making. The chart below highlights how some investors emotions change with the market cycles.



Investing based on emotions is the main reason why so many people are buying at market tops and selling at market bottoms.

When markets become volatile, some investors are prone to overreact and sell at the wrong time, accepting losses. Over the long term, markets are resilient and investors who stay invested can recover their losses and grow their wealth.

Removing emotions from investing is easier said than done, but there are some techniques investors can practice that can prevent the Buy High and Sell Low emotional cycle. Bottom line is to understand your own risk tolerance and the risk of your investments is the most important basis to start off with. Consider building a checklist for evaluating investments to curb the emotional impulse to follow the herd.

Quick Investment Checklist

	Change	No Change
Confirm your investment time horizon	<input type="checkbox"/>	<input type="checkbox"/>
Confirm your investment objectives	<input type="checkbox"/>	<input type="checkbox"/>
Confirm your risk tolerance	<input type="checkbox"/>	<input type="checkbox"/>
	Let's revisit your investment portfolio	Ride it out

Investment Tools

The key is to understand your motivations behind emotional investing and avoiding euphoric and depressive stages which lead to poor decision-making. To take some of the emotions out of investing many investors use Continuous Savings Plans (CSPs), diversify their investments and take a long term approach to investing.



CSP Calculator

Continuous Saving Plan (CSP) is a pre-authorized plan that withdraws funds from an account you select, and deposits them into a Savings or Investment account on a regular schedule. It's free to set up, and you can start with as little as \$50 per month.

- Take advantage of compound savings growth
- Choose how you want to contribute
- Set goals and easily stick with them



The Big Picture Chart

The Big Picture Chart is appropriate for discussions focused on addressing challenges investors are facing with current market changes through its interactive design and 85.5-year breadth, the Big Picture chart can help you convincingly address each of these audiences:

- Risk, return and diversification
- Inflation which is a constant risk
- Importance of staying invested
- Downturns and recoveries

