GROUP SAVINGS
AND RETIREMENT

BRACING FOR TURBULENT MARKETS

Economics, inflation and market volatility: what are the best strategies to take in those situations? Here are a few tips to help you face that kind of storm.

What's impacting stock markets

What's causing markets to move is complex, but can be summarized into three main points:

1. **Inflation**
   Rising inflation over a period of time. To curb inflation, central banks are increasing interest rates. This makes borrowing money less attractive, which could slow the economy down.

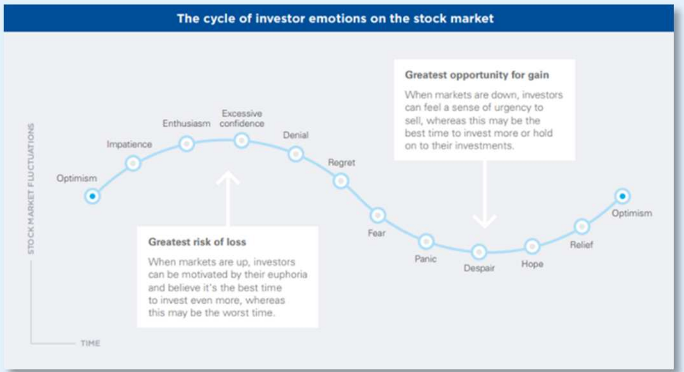
2. **News**
   Pandemics such COVID-19 and geopolitical tensions can create a climate of market uncertainty.

3. **Receding optimism**
   When stock prices reach record highs, uncertainty can easily undermine investors' high expectations. Combined with a dip in consumer confidence, optimism in the markets rapidly declines.

The key: keep calm

Though it's normal to have concerns, staying calm is always the best strategy for savvy investors. Investors who let their emotions drive them risk entering and exiting the stock market at the wrong times, reducing the return on their investment portfolio.

As illustrated in the chart below, a bull market gives investors enthusiasm and overconfidence and makes them feel like there is no better time to invest further. A bear market, on the other hand, causes panic and despair, and makes investors think about selling everything quickly to save their money.



iA Financial Group

Assess your personal situation and stick to your objectives

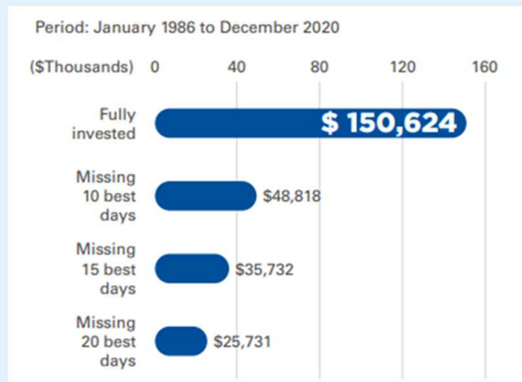
The best investment choices depend on a number of factors: family situation, dependants, financial situation, assets, liquidity needs, risk tolerance, investment knowledge, etc. The amount invested and to be invested, the time you have before you retire and your risk tolerance are the three main factors you should consider.

Everyone has a different personal situation and their own unique investor profile. Keep your initial investment goals as well as your investment horizon in mind will help you make sure your emotions don't interfere with your investments.

Avoid the trap of early disbursement

To avoid the risk of an impulsive disbursement, take the time to put your situation in perspective and consider all the advantages of long-term investing.

To better understand the trap of early disbursement, let's look at this scenario with an investor who invested $10,000 in 1986. By missing the 10 best stock market days of the last 35 years*, he would have $100,000 less in his portfolio in 2020 than if he had left his money invested.



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Get your information from a variety of sources for a more accurate and informed picture of the situation.

And keep in mind that, as famous economist Benajamin Graham once said, "The investor's chief problem—and even his worst enemy—is likely to be himself."

IN SHORT

Don't let your emotions take you in the wrong direction

Stay calm, avoid reacting too quickly

Assess your personal situation

Take the long view and stay invested

Get informed

* Source: Refinitiv. S&P/TSX Composite Index total returns from January 1, 1986, to December 31, 2020. Past performance is no guarantee of future results.