Hi everyone, and thanks for finding the time to join us.

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Today, we're going to talk about market fluctuations. We will look at:

- Current conditions with COVID-19
- What do we mean by a Market anyway and what drives the ups and downs
- How the market affects your savings. What you need to know when investing in the markets and how to manage your risk.
- We're also going to look at strategies to help you decide what to do – or not do – to be informed and prepared

- Let’s start with an update on the impact of what’s happening right now.
- The COVID-19 (novel coronavirus) outbreak has had a significant impact on financial markets. Investors are pricing in the risk of the economic consequences of the infection continuing around the world.
- There is extensive media coverage of the virus and its ripple effects – with many recent headlines focusing on how consumers, supply chains and ultimately stock markets are impacted.
- You may be thinking or even concerned about your own investments. We want you to know that you’re not alone. We’re all investors too and we’re feeling the same way.
- We are here to give you the knowledge and understanding to be able to make good decisions about your investments during times like these. We are here to help.
- You may be asking yourself:
    - How sharp will this downturn be?
    - How long will it last?
    - Will this market downturn be more severe than what we’ve experienced in the past?
- We know a market downturn is unsettling. In times like this, the most important message is: Focus on what you can control and stay disciplined with your strategy.
- For many of you, investing may be a long-term commitment. And although everyone has a view on which direction the markets will go, no one can predict what will happen next. All anyone can do is manage risk.

- Investing during volatile times can challenge your discipline and commitment to your investment strategy. Here are some principles to help ease your mind:
- First, review your goals and stay disciplined and committed to your investment plan. If your goals and time-frame haven't changed, your investment strategy shouldn't either.
- Don't jump ship or try to time the market. If you do this, you'll most likely end up selling at a lower price and buying at higher price later when you re-invest. The difference between investment success and disappointment can boil down to a few days of being in or out of the markets.
- Take a long-term perspective. Markets will rise and fall but, over time, markets have always moved higher.
- Turn market volatility into your advantage. By investing a specific amount at regular intervals, dollar-cost averaging can help you buy more units of an investment at lower prices and fewer at higher prices. This helps take the worry out of making a single lump-sum investment at the wrong time. If you're putting money into your plan every pay or every month, keep doing that to take advantage of lower prices.
- Finally, at times like this, you may feel an impulse, large or small, to push the panic button. But panicking often leads to wrong decisions and may hurt you in the long run. Talk to a licensed advisor. They can help you determine how to weather the turbulence — it's what they do.

- There are many factors that move the stock markets everyday. And the stock market can be quite complex. We'll cover some of them now.
- First, in any stock market move, whether up or down, there is a significant difference between supply and demand. Simply put, supply is the number of shares people want to sell and demand is the number of shares people are looking to buy. ... After all, the stock market itself is just a collection of individual companies. If more people want to buy a stock (demand) than sell it (supply), then the price moves up. Conversely, if more people wanted to sell a stock than buy it, there would be greater supply than demand, and the price would fall.
- Other factors that determine whether stock prices rise or fall include the media, company profits, consumer confidence, natural disasters, political and social unrest, unforeseen events like COVID 19 that we're experiencing now, and risk. The collection of these factors, plus all relevant information that has been published, creates a certain type of sentiment. The sentiment may be bullish, meaning positive, or bearish, meaning negative.
- If we go back to what's happening right now, the current market activity is driven by the predicted impact of COVID-19 on company profits, and, the reduction in consumer confidence and spending.

- How do we define risk when we think about investing in the stock market?
- Broadly speaking, risk is the possibility of losing something we value. We can think about our physical health, our emotional well-being, or something that could happen to our family members, or our property.
- In the practical world of investments, we can see risk as the possibility that the money we expect to be there when we need it will be missing in part, or worst will not be there at all.
- The Oxford English Dictionary defines it in technical terms as: *The possibility that an actual return on an investment will be lower than the expected return*.
- There are several standard market risk factors, including:
- *Equity Risk:* the risk that share prices will change.
- *Commodity Risk:* the likelihood that a commodity price, such as that of a metal (gold) or grain, will change.
- *Currency Risk:* the probability that foreign exchange rates will change.
- *Interest Rate Risk:* the risk that interest rates will go up or down.
- *Inflation Risk:* the risk that overall rises in prices of goods and services will undermine the value of money, and probably adversely impact the value of investments.
- *Unexpected events like we're experiencing today*

- Let's have a look at this chart of the Toronto Stock Exchange between 2000 and 2020 so you can understand how the stock market has behaved over a long period of time.
- We have seen a trend where, every few years, there is a correction in the market and prices drop. Then markets recover. Over a long period of time, markets trend upwards.
- Keep in mind, when looking at the stock market, past performance and trends do not provide any guarantee of how funds will perform in the future.
- Even so, historically, stocks have offered good opportunities for growth. Over longer periods – usually ten years or more – markets have consistently realized growth although there have been periods of strength and of decline during those cycles.

Diversification

- One of the first strategies to help reduce their risk is Diversification.
- Diversification is not just for choosing individual stocks. It also means that you should look at different types of investments that are within your savings accounts also known as a portfolio.
- For example, you may want to include equity investments like those in the stock markets, but from different regions of the world, the Canadian stock market, the US stock market and even the international stock markets.
- You also may want to include some investments which are less volatile like fixed income which are your bond funds or guaranteed investments. Maybe also some alternative types of investments like real estate.
- Again, some fund managers have prepackaged solutions for investors – meaning in one single diversified fund – to help them achieve their objectives while controlling their risk.

- **Regular contributions, or Dollar Cost Averaging**
- Another strategy is what is known as Dollar Cost Averaging.
- Okay simply put, dollar cost averaging is really an investment concept where you invest a fixed amount of money regularly throughout the year to buy investments with a fluctuating price.
- Not only is this solution convenient, for example you contribute $50 every two weeks from your pay instead trying to find a lump sum of $1,300 once a year. It is an amount you are likely not to miss after you are accustomed to the regular contribution.
- It also represents an excellent investment strategy to benefit from the market fluctuations. How you may ask?
- Regular contributions become really effective, especially when there is a market down turn like what's happening right now.
- Each time you contribute to your savings plan, your contributions buy units of your chosen investment options. When the market goes up, the value of your holdings increases and you buy units at a higher price. When the market goes down, you buy more units at a lower price.
- Over time, this technique can lower the average price you pay per unit.
- You also eliminate the guesswork of deciding when to buy units by adopting this habit. You don't have to time the market and you gain the advantage of the length of time your contributions are invested in the market.
- Automatic payroll deductions are a great way to put this technique to work.
- If that is not something available to you at work, you could also automate deposits to your investment account every time your pay is deposited in your bank account. That saves you the time and effort of having to remember to do it yourself.

Focus on your risk

- As we covered earlier, there are a lot of things influencing the performance of your investments including COVID-19. It is very hard to keep track of it all and to know at all times where the direction of the stock market is going.
- The first thing to ask yourself is : how likely is it that you will need access to this money in the short-term?
- If the answer is very likely, then it is generally best to avoid unnecessary risk with your investments. You may want to choose investments that are more likely to have a predictable outcome.
- If the answer is that it is very unlikely that you will need this money in the short-term, then the second thing you need to ask yourself is: how far in the future do you want to access this money. Generally, the longer your investment horizon is, the more volatility you can live with in the short-term.
- If you are not sure about your risk tolerance, I encourage you to complete a risk questionnaire. When you do know your risk profile, it is important to review it periodically.
- The shorter your investment horizon is, the more closely you should review your investments and ask yourself these same questions.

Check your emotions

- Finally, it's important to keep your emotions in check.
- If the trend starts to go down, like we’re experiencing now, nervousness may turn to alarm, maybe even panic for some people if you're seeing your investment you worked so hard for now dropped in value.
- Reacting to these emotions in the wrong way may not be the best idea. If you move your money to safer investments during a market downturn, you miss out on the opportunity to take advantage of the market recovery.
- The important thing to remember is to not make rash decisions based only **on** recent market activity.

- Here’s a recap of what we’ve talked about today.
- First, review your goals and stay disciplined and committed to your investment plan. If your goals and time-frame haven’t changed, your investment strategy shouldn’t either.
- Take a long-term perspective. Markets will rise and fall but, over time, markets have always moved higher.
- Turn market volatility into your advantage by continuing your regular contributions.
- Don’t try to time the market
- Above all, don’t panic. A licensed financial advisor can help you with your specific situation.

Thank you for listening and have a great day.