

Market Correction or Bear Market?

Market corrections can be unnerving to investors trying to understand if the decline is a shorter-term pullback or the beginning of a sustained downturn. Shorter-term declines or 'market corrections' happen frequently and can trigger the fear of a bigger market decline – but most don't actually result in a bear market, a decline of 20%.

75%

The percentage of corrections of more than 10% that have **NOT** led to bear markets

5%

- 318** Corrections of 5% or more
- 3.4** Mean number of occurrences per year
- 35** Mean number of days of correction

10%

- 99** Corrections of 10% or more
- 1.1** Mean number of occurrences per year
- 100** Mean number of days of correction

15%

- 45** Corrections of 15% or more
- 0.5** Mean number of occurrences per year
- 186** Mean number of days of correction

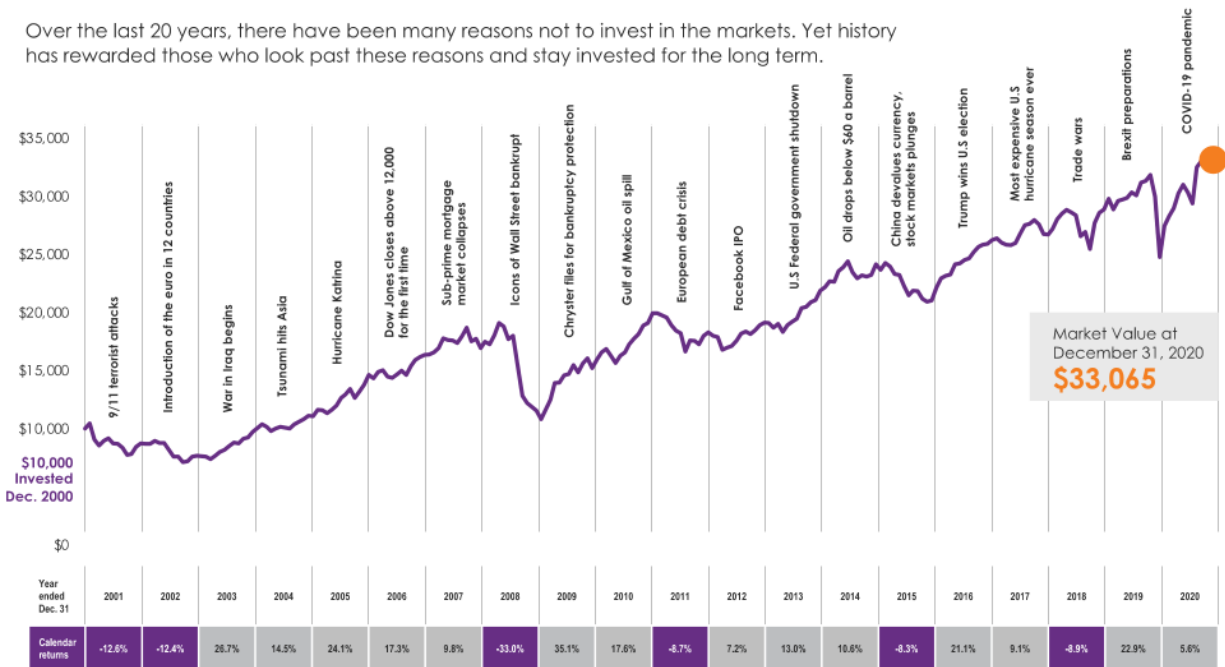
20%

- 26** Corrections of 20% or more
- 0.3** Mean number of occurrences per year
- 289** Mean number of days of correction

* Based on Ned Davis Research data of S&P 500 Index performance between January 3, 1928 and February 8, 2021.

One Good Reason to Stay Invested

Over the last 20 years, there have been many reasons not to invest in the markets. Yet history has rewarded those who look past these reasons and stay invested for the long term.



Source: Morningstar Direct, S&P/TSX Composite Total Return Index, as at December 31, 2020 (compounded monthly). All information in Canadian dollars unless otherwise stated. The information provided is for illustrative purposes only and is not meant to provide investment advice. You cannot invest directly in an index.

Thanks to AGF for providing the charts above.

The Case For Diversification

Guessing the markets – and being consistently right year after year – can be difficult. A balanced portfolio diversified across multiple asset classes and regions can help protect portfolios from the unpredictable swings of the market.

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Cdn. Bonds 8.08%	Global Bonds 15.32%	Cdn. Stocks 26.72%	Cdn. Stocks 14.48%	Cdn. Stocks 24.13%	Int'l Stocks 26.37%	Cdn. Stocks 9.83%	Global Bonds 31.07%	Cdn. Stocks 35.05%	Cdn. Stocks 17.61%	Cdn. Bonds 9.67%	Int'l Stocks 15.29%	U.S. Stocks 41.27%	U.S. Stocks 23.93%	U.S. Stocks 21.59%	Cdn. Stocks 21.08%	Int'l Stocks 17.36%	Global Bonds 7.70%	U.S. Stocks 24.84%	U.S. Stocks 16.32%
Global Bonds 7.95%	Cdn. Bonds 8.73%	Int'l Stocks 13.84%	Int'l Stocks 11.91%	Int'l Stocks 11.16%	Global Stocks 20.19%	Cdn. Bonds 3.68%	Cdn. Bonds 6.42%	Int'l Stocks 12.49%	U.S. Stocks 9.06%	Global Bonds 8.26%	Global Stocks 13.96%	Global Stocks 35.91%	Global Stocks 15.01%	Global Stocks 19.55%	U.S. Stocks 8.09%	Global Stocks 14.99%	U.S. Stocks 4.23%	Cdn. Stocks 22.88%	Global Stocks 14.45%
Balanced Portfolio -3.77%	Balanced Portfolio -5.56%	Global Stocks 9.41%	Global Stocks 6.85%	Global Stocks 7.27%	Cdn. Stocks 17.26%	Balanced Portfolio -3.44%	Balanced Portfolio -6.40%	Global Stocks 11.07%	Cdn. Bonds 6.74%	U.S. Stocks 4.64%	U.S. Stocks 13.45%	Int'l Stocks 31.57%	Balanced Portfolio 12.11%	Int'l Stocks 19.46%	Balanced Portfolio 4.88%	U.S. Stocks 13.83%	Cdn. Bonds 1.41%	Global Stocks 21.91%	Balanced Portfolio 10.40%
U.S. Stocks -6.35%	Cdn. Stocks -12.44%	Cdn. Bonds 6.69%	Cdn. Bonds 7.15%	Cdn. Bonds 6.46%	U.S. Stocks 15.35%	Int'l Stocks -5.32%	U.S. Stocks -21.20%	Balanced Portfolio 8.02%	Global Bonds 6.48%	Balanced Portfolio 0.94%	Balanced Portfolio 8.32%	Balanced Portfolio 19.17%	Cdn. Stocks 10.55%	Global Bonds 16.15%	Global Stocks 4.41%	Cdn. Stocks 9.10%	Balanced Portfolio 1.15%	Int'l Stocks 16.45%	Cdn. Bonds 8.68%
Global Stocks -11.28%	Int'l Stocks -16.53%	Balanced Portfolio 6.52%	Balanced Portfolio 6.37%	Balanced Portfolio 5.47%	Balanced Portfolio 13.95%	Global Bonds -7.00%	Global Stocks -25.37%	U.S. Stocks 7.39%	Balanced Portfolio 6.24%	Global Stocks -2.67%	Cdn. Stocks 7.19%	Cdn. Stocks 12.99%	Global Bonds 9.65%	Balanced Portfolio 12.74%	Cdn. Bonds 1.66%	Balanced Portfolio 8.46%	Global Stocks 0.06%	Balanced Portfolio 14.41%	Global Bonds 7.29%
Cdn. Stocks -12.57%	Global Stocks -20.37%	U.S. Stocks 5.26%	U.S. Stocks 2.81%	U.S. Stocks 2.29%	Global Bonds 6.23%	Global Stocks -7.08%	Int'l Stocks -28.78%	Cdn. Bonds 5.41%	Int'l Stocks 2.56%	Cdn. Stocks -8.71%	Cdn. Bonds 3.60%	Global Bonds 3.94%	Cdn. Bonds 8.79%	Cdn. Bonds 3.52%	Global Bonds -1.45%	Cdn. Bonds 2.52%	Int'l Stocks -5.55%	Cdn. Bonds 6.87%	Int'l Stocks 6.38%
Int'l Stocks -16.26%	U.S. Stocks -22.91%	Global Bonds -7.97%	Global Bonds 1.31%	Global Bonds -6.88%	Cdn. Bonds 4.06%	U.S. Stocks -10.53%	Cdn. Stocks -33.00%	Global Bonds -9.19%	Global Bonds 0.04%	Int'l Stocks -9.55%	Global Bonds 2.01%	Cdn. Bonds -1.19%	Int'l Stocks 4.12%	Cdn. Stocks -8.32%	Int'l Stocks -2.00%	Global Bonds 0.34%	Cdn. Stocks -8.89%	Global Bonds 1.44%	Cdn. Stocks 5.60%

Source: AGF Investments Inc., December 31 2020. Canadian Stocks represented by S&P/TSX Composite Total Return Index, U.S. Stocks – S&P 500 Total Return Index (C\$), International Stocks – MSCI EAFE Index (C\$), Global Stocks – MSCI World Index (C\$), Canadian Bonds – FTSE Canada Universe Bond Index, Global Bonds – Barclays Global Aggregate Bond Index (C\$). Balanced Portfolio made up of 15% Cdn. Stocks / 45% Global Stocks / 10% Cdn. Bonds / 30% Global Bonds. **The information provided is for illustrative purposes only and is not meant to provide investment advice.** You cannot invest directly in an index. Calendar-year returns in Canadian dollars.

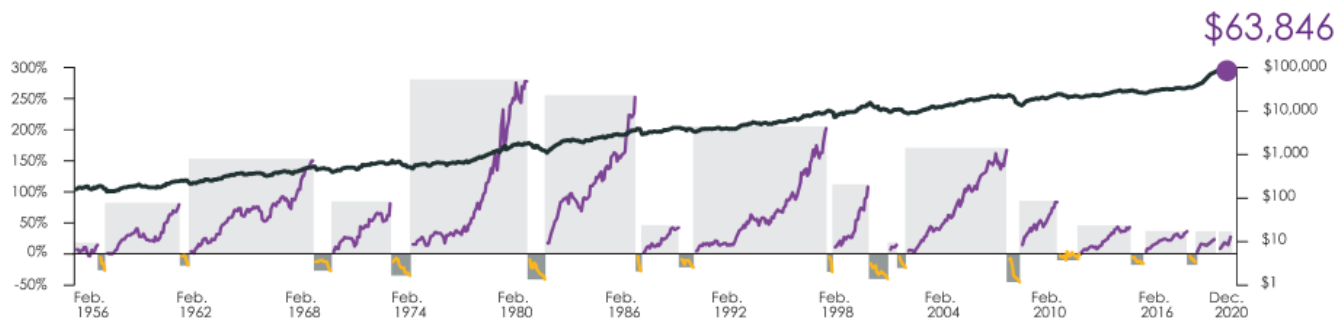
Understanding Volatility

AGF SOUND CHOICES

Bull and Bear Markets

Throughout history, bull markets are, on average, longer and more intense than bear markets. Not only do they last longer, their percentage swings are more significant. In the end, the results speak for themselves.

Since 1956, a **\$250 investment** into the S&P/TSX Composite Total Return Index would have grown to **\$63,846** by the end of December 2020.



Bull market:

a prolonged period in which market prices move upwards over an extended period of time.

Average length: **40.8 months**

Average gain: **101.5%**

Bear market:

a prolonged period in which market prices move downwards over an extended period of time.

Average length: **8.2 months**

Average drop: **-24.57%**

Source: Bloomberg and Morningstar Direct, S&P/TSX Composite Total Return Index, February 1, 1956 – December 31, 2020. **The information provided is for illustrative purposes only and is not meant to provide investment advice.** You cannot invest directly in an index.