

## Wait out market fluctuations

**Lévis (Qc), February 24, 2015** – A \$10,000 investment made in the Canadian stock market in December 1992 and left in until December 31, 2013 would have netted the investor almost \$49,000 at an 8.27% annual compound rate of return. And that period saw the tech bubble in 2000 and the 2008–2009 financial crisis. Here’s a comparison of that same investment over the same 21-year period, but taken off the market during the ‘good’ times:

- Off the market during the 10 best days: \$26,537 in accumulated capital, \$22,346 (or 46 %) less than the investor who stayed in the market for the duration
- Off the market during the 40 best days: \$1,225 in lost capital, for a return of \$8,775 (or - 0.65%)

“It pays to be patient when investing, no matter what your investor profile,” says Pierre Payeur, Senior Advisor of Strategy Support for Desjardins Group’s Wealth Management and Life and Health Insurance Executive Division. “That goes for investments in registered vehicles like an RRSP, TFSA or RESP, and for unregistered investments.”

There are myriad reasons for people to want to pull out of the market for a while. The last six months alone saw some ups and downs: tension in Ukraine, escalation in Syria, resurgent violence in Iraq, economic woes in Europe, slower economic growth in China, the Ebola outbreak in West Africa and the recent drop in oil prices.

All of these situations had an effect on financial markets, and came to a head in October, 2014. “We saw a significant collective drop in the stock market and a spike in the price of government bonds, which became a popular conservative investment strategy,” says Payeur.

### Positive returns nonetheless

The market correction, however, was short-lived, and the U.S. market has rebounded to record highs since mid-November, 2014. The Canadian market was a little more sluggish than others to bounce back, due largely to the importance of the energy sector to the Canadian indexes. Forecasted oil company earnings and benefits have been tempered by a drop of over 50% in the price of oil since last July.

And yet, here are the 2014 results of some market indexes:

S&P/TSX Composite (Canadian shares): 10.55%	S&P 500 in C\$ (U.S. shares): 24.00%
MSCI EAEO in C\$ (international shares): 3.73%	FTSE TMX Universal (Canadian bonds): 8.79%

### Try not to get carried away by market fluctuations

Economic conditions can pressure investors to get out of the market so they’re not exposed to instability. However, the data in the following table demonstrates the potential for large financial swings if you do so.

Results as at December 31, 2013, for a \$10,000 investment made December 31, 1992 (loss of capital shaded)			
	Canadian market (S&P/TSX)	U.S. market (S&P 500)	International market (MSCI EAEO)
	Return and annual compound rate	Return and annual compound rate	Return and annual compound rate
Investment maintained in the market for the duration	\$48,973 or 8.27%	\$46,269 or 7.96%	\$25,797 or 4.85%
Investment taken off the market during the 10 best days	\$26,537 or 5.00%	\$23,229 or 4.30%	\$13,343 or 1.45%
Investment taken off the market during the 20 best days	\$17,721 or 2.90%	\$14,067 or 1.72%	\$8,585 or - 0.76%
Investment taken off the market during the 30 best days	\$12,215 or 1.01%	\$9,155 or - 0.44%	\$5,911 or - 2.59%
Investment taken off the market during the 40 best days	\$8,775 or - 0.65%	\$6,254 or - 2.32%	\$4,260 or - 4.18%

The numbers speak for themselves in all of the markets. When it comes to long-term investments, calm and patience is the best approach. “If you want to maximize your chances of making financial plans a reality, stay focused on the long term and don’t get distracted by ups and downs in the market,” says Payeur.

### About Desjardins Group

[Desjardins Group](#) is the leading cooperative financial group in Canada and the fifth largest cooperative financial group in the world with assets close to \$227 billion. It has been rated one of Canada’s top 100 employers by Mediaworld Canada. To meet the diverse needs of its members and clients, Desjardins offers a full range of products and services to individuals and businesses through its extensive distribution network, online platforms and subsidiaries across Canada. The group has one of the highest capital ratios and [credit ratings](#) in the industry. In 2014, Desjardins was named the fourth safest bank in North America by *Global Finance* magazine and the second strongest bank in the world by *Bloomberg News*.

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