



2022.03.16

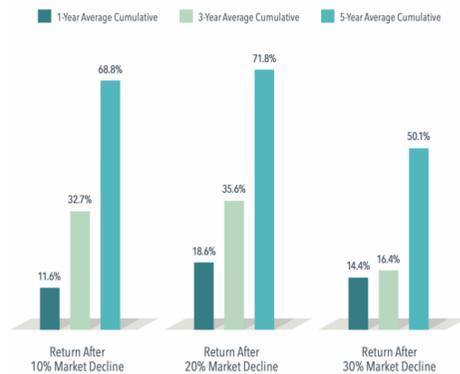
Market declines have put investors in a pessimistic mood, many of whom are wondering if and when their savings will rebound. The chart below sheds some light on this, providing almost a century worth of data showing market declines are invariably followed by market recoveries. Cumulative returns show this to striking effect. Five years after market declines of 10%, 20% and 30% respectively, compound returns all top 50%. This speaks to the power of capital markets to deliver solid, absolute returns over time and remind investors why staying the course puts you in the best position to capture the recovery.



### History Shows That Stock Gains Can Add Up After Big Declines



FAMA/FRENCH TOTAL US MARKET RESEARCH INDEX RETURNS  
July 1, 1926–December 31, 2020



Sudden market downturns can be unsettling. But historically, US equity returns following sharp downturns have, on average, been positive.

- A broad market index tracking data since 1926 in the US shows that stocks have tended to deliver positive returns over one-year, three-year, and five-year periods following steep declines.
- Cumulative returns show this to striking effect. Five years after market declines of 10%, 20%, and 30%, the compounded returns all top 50%.
- Viewed in annualized terms across the longest, five-year period, returns after 10%, 20%, and 30% declines have been close to the historical annualized average over the entire period of 9.7%!

*Sticking with your plan helps put you in the best position to capture the recovery.*

Headlines are likely to remain grim for a while, all the more reason to tune out the noise and step away from your investments for a while. We never do of course, and that is what you are paying us to do. Our asset allocation models are holding up relatively well, as they did in the March-April 2020 period where Covid-19 rocked equity markets worldwide. We anticipated market volatility and short-term declines in markets and constructed balanced portfolios comprised of funds holding blue-chip equities and government and corporate bonds. The funds have a Value bias, meaning that they hold companies with lower price-to-earning (P/E) multiples. Historically these have held up better during periods of market distress.

As I have written so many times before *this too shall pass*. And when it does your portfolio will still be there and our institutional wealth management partners at **Dimensional**, **EdgePoint**, **Guardian Capital** and **Mackenzie Investments** will be well positioned for the recovery that always follows.

Call me at anytime and thanks for reading!

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