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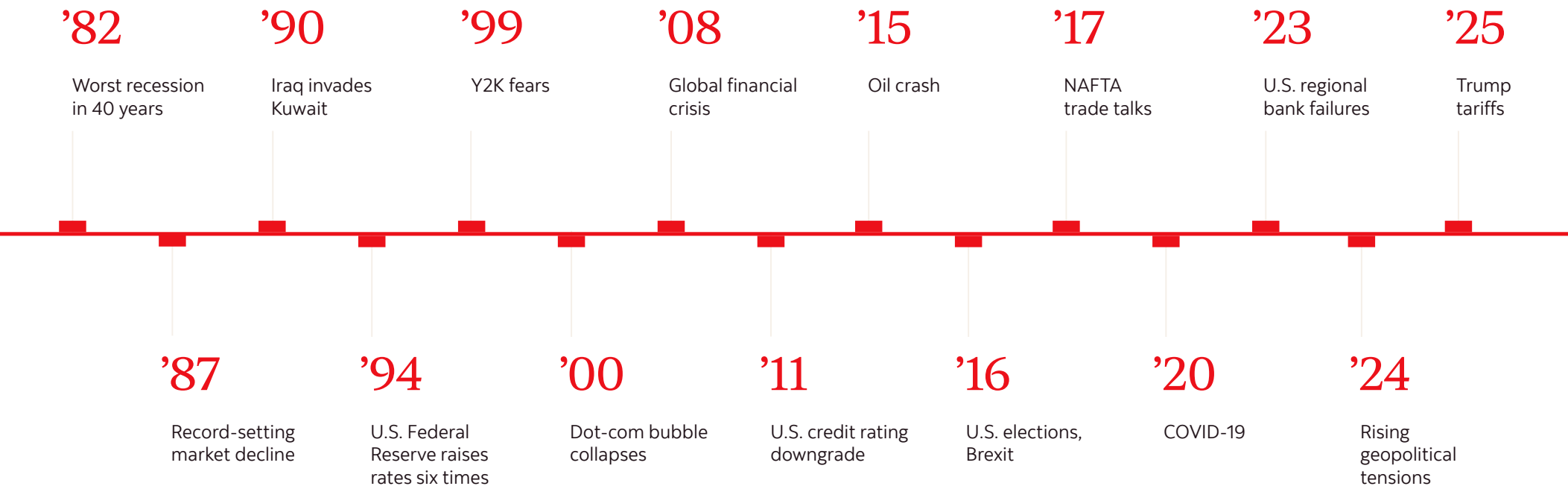
International Investing Essentials Guide 2026

# Market volatility is unnerving for even the savviest of investors.

The notion of investing in the stock market without volatility is as illusory as a car without an engine. The reality is the two concepts go hand-in-hand. But does that mean you should avoid volatility — and investing — altogether?

History would suggest otherwise. In this guide, we illustrate some time tested investing principles that can put market downturns into perspective and help you reach your long-term goals.

# There's always a reason not to invest



## It's time to change that

The concepts in this guide illustrate how discipline, patience, and a balanced approach can help investors achieve long-term financial success.

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## PART 1

# Foundational concepts – building blocks

# Building Blocks

“Blocks serve as the foundational concept that allows to shape, model, and construct various things. In our context, they provide the essential concepts for creating investment portfolios. As you advance through this guide, we’ll guide you step by step through these distinct building blocks, empowering you to navigate the financial markets effectively using mutual funds”

## Definitions



### Cash and Cash Equivalent Securities

Cash and Cash Equivalent Securities are highly liquid and are intended for short-term investing. They have the following characteristics:

- Highly Liquid (i.e. easily converted to cash)
- Low Risk

Examples include currency, bank accounts, certificates of deposit, Treasury bills, and money market mutual funds.



### Fixed Income Securities

Fixed income securities are debt instruments, such as bonds or notes, that have been issued by a government, corporation, or other organization. Debt instruments often provide periodic interest payments and have their face value repaid at maturity. They have the following characteristics:

- Potential for interest income and/or capital gains
- Risk that varies with the length of the bond’s term to maturity and the credit quality of the issuer

Examples include government bonds, corporate bonds and mutual funds that invest in fixed income securities.

Every investment carries some potential for loss. It is important to understand that different markets and asset classes, can fluctuate more than others.





### Equity Securities

Equity securities, such as common or preferred shares, represent an ownership interest in a company. Equity securities provide the potential for dividend income and growth. They have the following characteristics:

- Potential for dividend income and capital gains
- Potential for growth
- Inflation hedge
- Higher volatility than fixed income

Examples include common shares, preferred shares and mutual funds that invest in equity securities.



### Alternative Investments

Alternative investments refer to strategies or asset classes that differ from traditional equity, fixed income and cash asset classes.

Alternative investments can provide portfolio diversification benefits due to having different return and risk characteristics than traditional asset classes. Alternative strategies have the following characteristics:

- Different return and risk characteristics and low correlation compared to traditional equity, fixed income and cash asset classes
- Increased portfolio diversification and a potentially higher risk adjusted portfolio return

Examples include Private equity, private debt, hedge funds, real estate, commodities, infrastructure and mutual funds that have alternative strategies or invest in alternative asset classes.

Every investment carries some potential for loss. It is important to understand that different markets and asset classes, can fluctuate more than others.

## PART 2

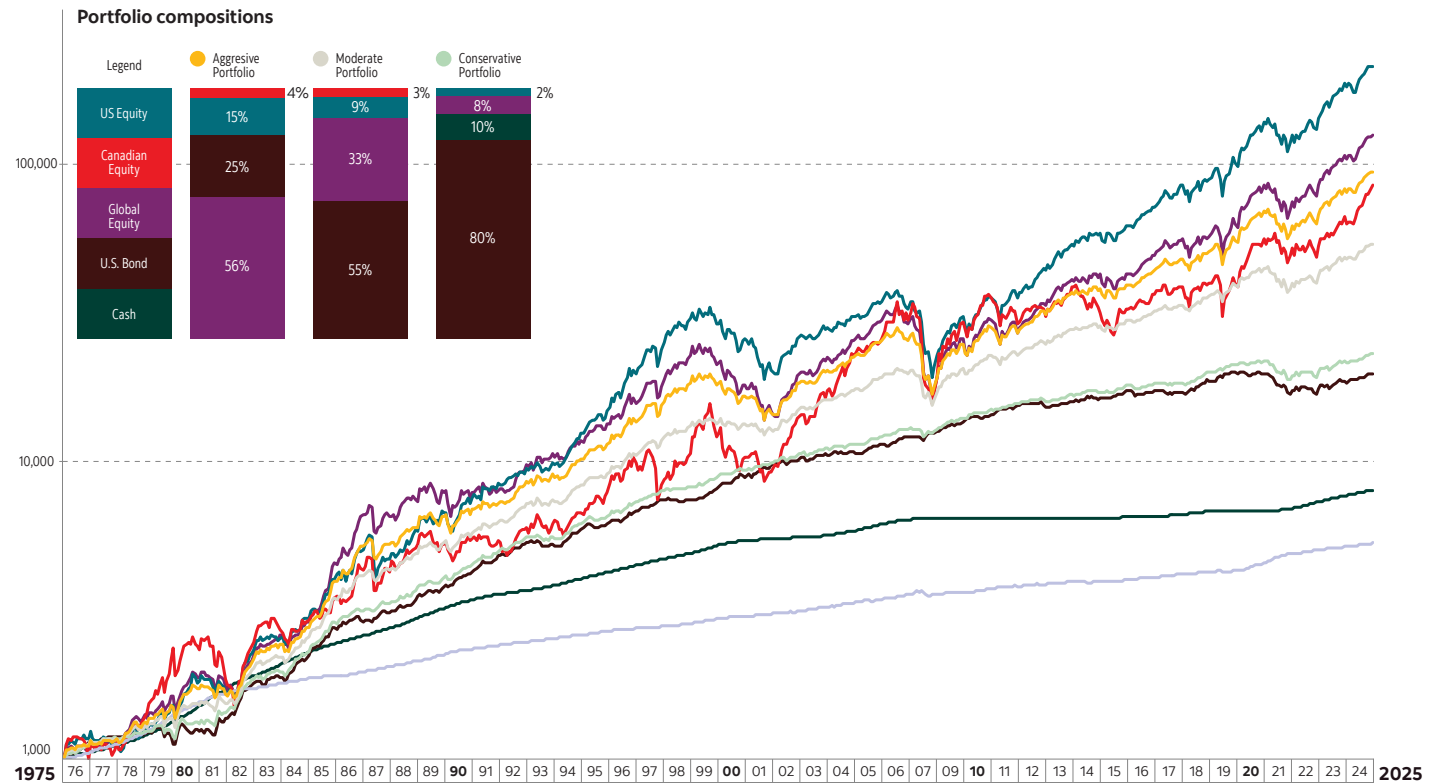
# Market behaviour

# Long-term investing

The following chart shows the inferred growth of US\$1,000 invested in various asset classes for over 50 years. During this time, investors have had many excuses for not investing. However, by maintaining a long-term perspective, investors can let time work to their advantage.

This chart can help address many concerns and illustrate concepts such as the impact of inflation, the relationship between major historical events and financial market performance and how a diversified portfolio can be less volatile than a portfolio of stocks alone.

**Growth of US\$1,000 invested in various asset classes**  
December 31, 1975 – December 31, 2025



<span style="color: #008080;">■</span> US Equity \$293,957.97	<span style="color: #FF0000;">■</span> Canadian Equity \$110,768.97	<span style="color: #800000;">■</span> US Bond \$23,488.50
<span style="color: #800080;">■</span> Global Equity \$167,046.74	<span style="color: #A9A9A9;">■</span> Moderate Portfolio \$68,224.94	<span style="color: #008000;">■</span> T-bills \$9,053.57
<span style="color: #FFA500;">■</span> Aggressive Portfolio \$123,827.81	<span style="color: #90EE90;">■</span> Conservative Portfolio \$27,722.07	<span style="color: #9370DB;">■</span> Inflation \$5,833.52

This chart is for illustrative purposes only. Assumes reinvestment of all income and no transaction costs or taxes. The portfolios shown are neither real, nor recommended. All currencies shown are in U.S. Dollars. Past performance is not indicative of future performance. Source: Index Returns are from Morningstar Direct, and CPI (Inflation) data was from the U.S. Bureau of Labour Statistics. Benchmarks used are as follows: Inflation: U.S. Consumer Price Index Seasonally Adjusted; Treasury Bills: U.S. Treasury Bill 3-month; U.S. Bonds: Bloomberg Barclays Aggregate Bond Index USD; U.S. Stocks: S&P 500 Total Return USD; and Global Stocks: MSCI World NR USD. The Conservative Portfolio is comprised of 10% U.S. Treasury Bill 3-month, 80% Bloomberg Barclays Aggregate Bond Index, 8% MSCI World NR USD Index and 2% S&P 500 Total Return USD Index. The Balanced Portfolio is comprised of 55% Bloomberg Barclays Aggregate Bond Index, 33% MSCI World NR USD Index, 9% S&P 500 Total Return USD Index and 3% S&P/TSX Composite TR USD Index. The Growth Portfolio is comprised of 25% Bloomberg Barclays Aggregate Bond Index, 56% MSCI World NR USD Index, 15% S&P 500 Total Return USD Index and 4% S&P/TSX Composite TR USD Index.



# Short-term pain, long-term gain

While volatile markets can create anxiety for investors, history has shown that disciplined and patient investors are often rewarded over the long run. This chart illustrates periods where major market declines have been followed by major recoveries.

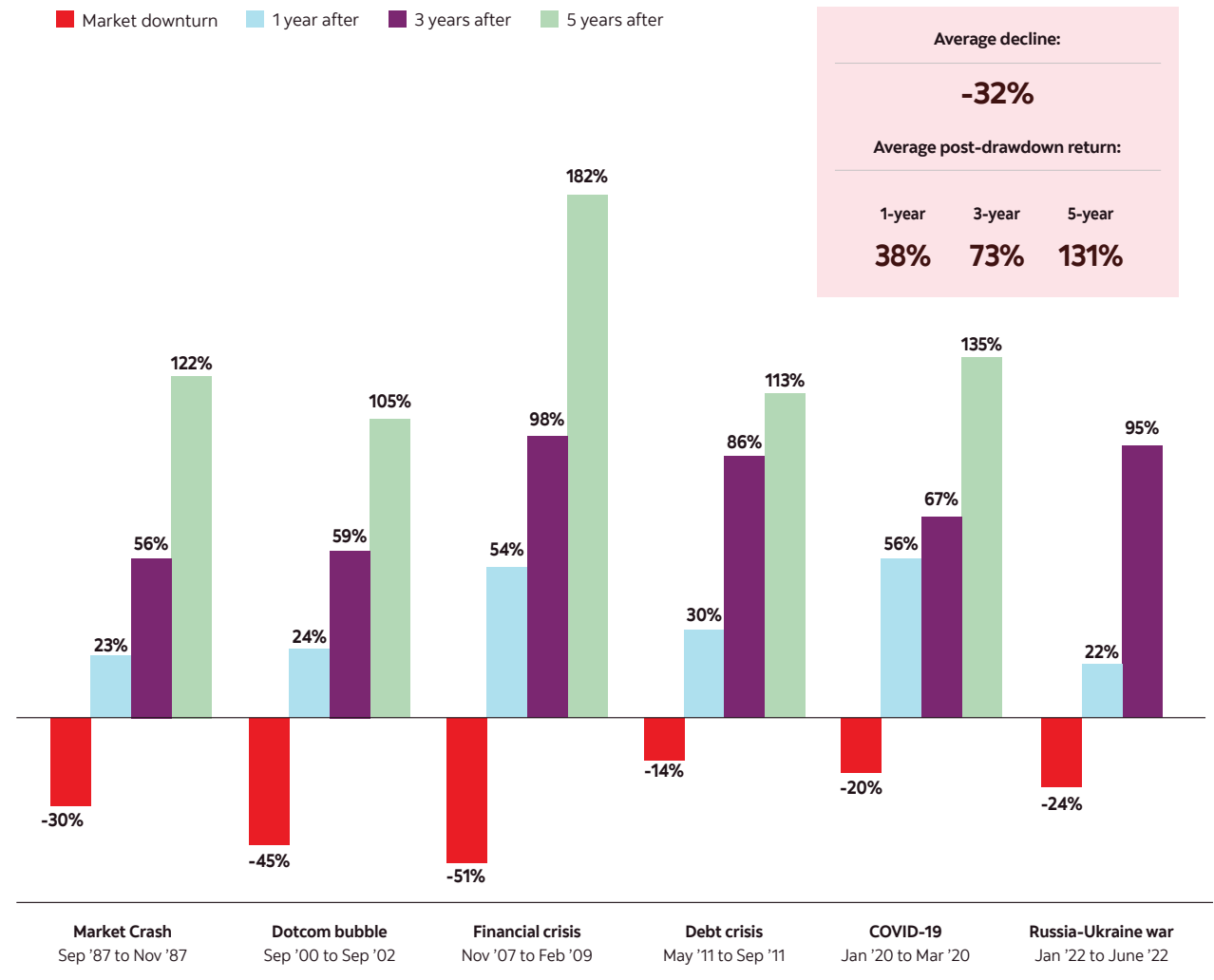
Market declines, though unsettling, are an inherent part of investing in equity markets. By resisting the urge to act on short term fears, investors can position themselves for long-term success.

“

*The stock market is a device for transferring money from the impatient to the patient.*

— Warren Buffett

## Major market declines have historically been followed by significant recoveries



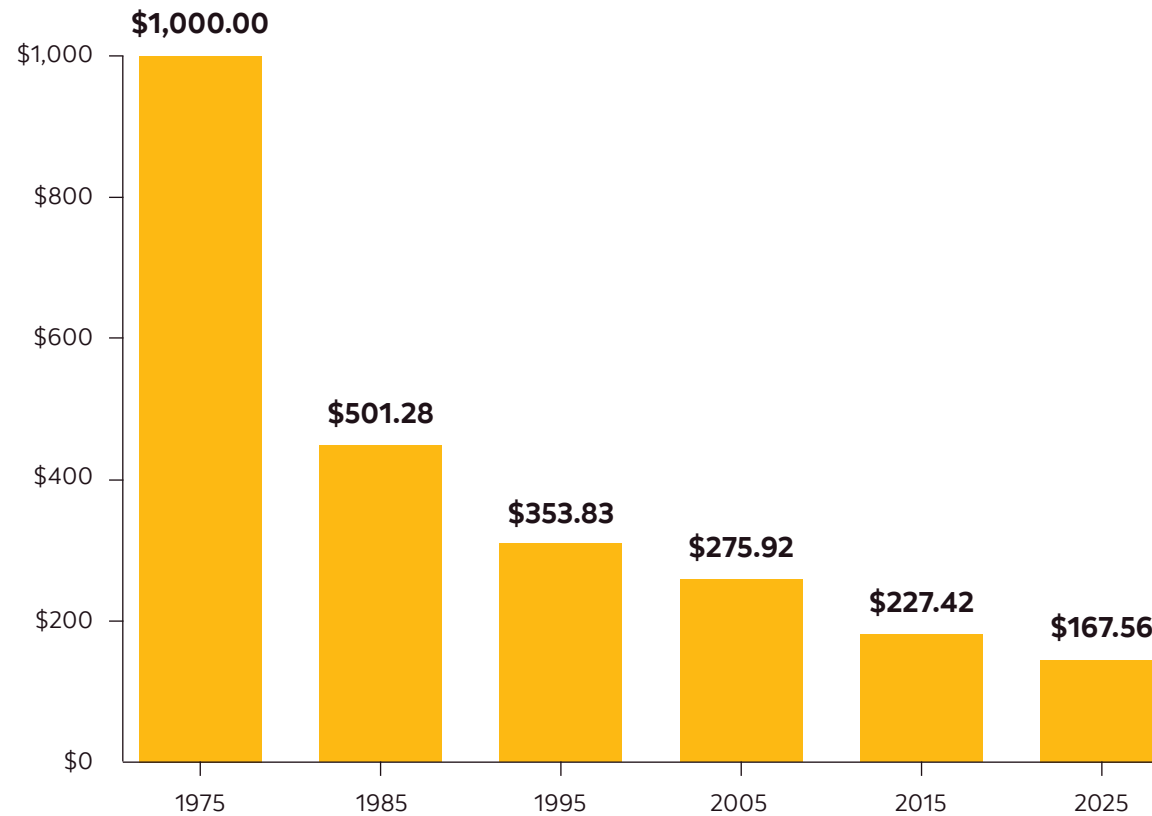
Source: Morningstar. For illustrative purposes only. Indices are not managed, and it is not possible to invest directly in an index. Assumes reinvestment of all income and no transaction costs, fees or taxes. Percentage market gain/loss based on monthly compounded returns from the S&P 500 Composite Total Return Index from March 1974 to December 31, 2025. Returns are calculated in US dollars. Average decline and post-drawdown returns calculated between October 1987 and September 2011.



# The impact of inflation

Investors who earn less than the rate of inflation on their investments are challenged by reduced purchasing power when the investments are redeemed back to cash. Over the long term, this means that the cost of a retirement may keep climbing.

Purchasing power of US \$1,000 after 50 years



Source: Federal Reserve Bank of Minneapolis. National CPI from Dec 31, 1973, to Dec 31, 2025.



## PART 3

# Mutual fund basics



# What is a mutual fund?

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A mutual fund is an investment that pools money from many individual investors and is invested by a portfolio manager to achieve its investment objective.

Details regarding the investment objective, investment strategies, investment risks and other relevant information about the fund is in its prospectus.

When investing in a mutual fund, you purchase units in the fund, with each unit representing a portion of the total fund's assets.

Professional portfolio managers make investment decisions on behalf mutual fund investors, buying and selling investments, such as money market investments, bonds, and stocks.

## What is a mutual fund?

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### 1. Investor/client

Pool their money into the mutual fund.



### 2. Purchase units

Access to local and global financial markets.



### 3. Fund manager

The fund manager uses this pooled capital to buy a mix of stocks, bonds, or other securities.

# How does a mutual fund work?

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When investing in a mutual fund, the investor purchases units in the fund, whereby each share represents a fraction of the total pool. Unlike investing in direct securities, as a shareholder, they do not own the underlying securities in which the fund invests.

Professional portfolio managers make investment decisions on behalf and in the best interests of fund investors, buying and selling securities such as bonds and stocks. Aiming to generate returns to unitholders.

After investing in a mutual fund, it is recommended to monitor the performance to see if it is meeting expectations and stated objectives. Regularly reviewing the portfolios and making necessary adjustments is crucial to achieve financial goals.

## Investor purchases units in the fund

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### 1. Investor/client

Pool their money into the mutual fund.



### 2. Purchase units

Access to local and global financial markets.

## Professional portfolio managers make investment decisions on behalf of fund investors

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### 1. Fund manager

Chooses securities to invest in.



### 2. Securities



### 3. Returns

# Why invest in a mutual fund?

Mutual funds are an inexpensive way to access a professionally managed and diversified portfolio, which makes them a great investment for those who may not have the expertise to make all their own investment decisions, and those who may not have the capital available to build a well-diversified portfolio on their own.

## Mutual Funds offer an investor



### Accessibility

Through mutual funds, investors can gain access to global markets and specialized asset classes.



### Liquidity

Mutual funds offer flexibility, generally allowing investors to redeem shares daily.



### Regulation and oversight

Mutual funds are regulated investments, with oversight from the securities regulators.



### Professional management

Take the worry out of monitoring the markets or deciding which stock or bond to buy. Experienced, professional portfolio managers decide what to invest in based on in-depth research and up to date market information.



### Convenience

It can be expensive to purchase enough securities to create a diversified portfolio. Mutual funds can easily get investors started as most funds have low minimum investment requirements.



### Diversification

A mutual fund contains a diversified basket of investments designed to manage risk, whereby a decline in the value of one or more holdings may be offset by the rise in a number of different holdings. Some examples of ways in which mutual funds can be diversified include asset classes, regions, countries, sectors and issuers.



# What are the types of mutual funds?

A mutual fund may own securities of different types, depending on the fund's investment objectives, but generally fall into three main asset classes.

## Mutual Funds asset classes



### Money market funds

Hold cash and cash equivalents – liquid assets that have a short time to maturity, high credit quality and a distinct focus on safety of capital.



### Fixed-Income Funds

Hold government and/or corporate bonds or other investments that periodically pay interest and offer some income and growth potential.



### Balanced Funds

Hold a diversified mix of bonds and stocks, with the objective ranging from income to growth, depending on the asset mix selected.



### Equity Funds

Hold publicly traded stocks of companies and may focus on countries, regions, or different sectors in the economy which have a longer-term growth objective and may be more volatile in the short term.



### Alternative Funds

Hold assets individually or collectively in categories such as real estate, hedge funds, private debt, private equity and structured products. The objective is to provide low correlation to traditional asset and increase diversification.

# What is the risk of investing in a mutual fund?

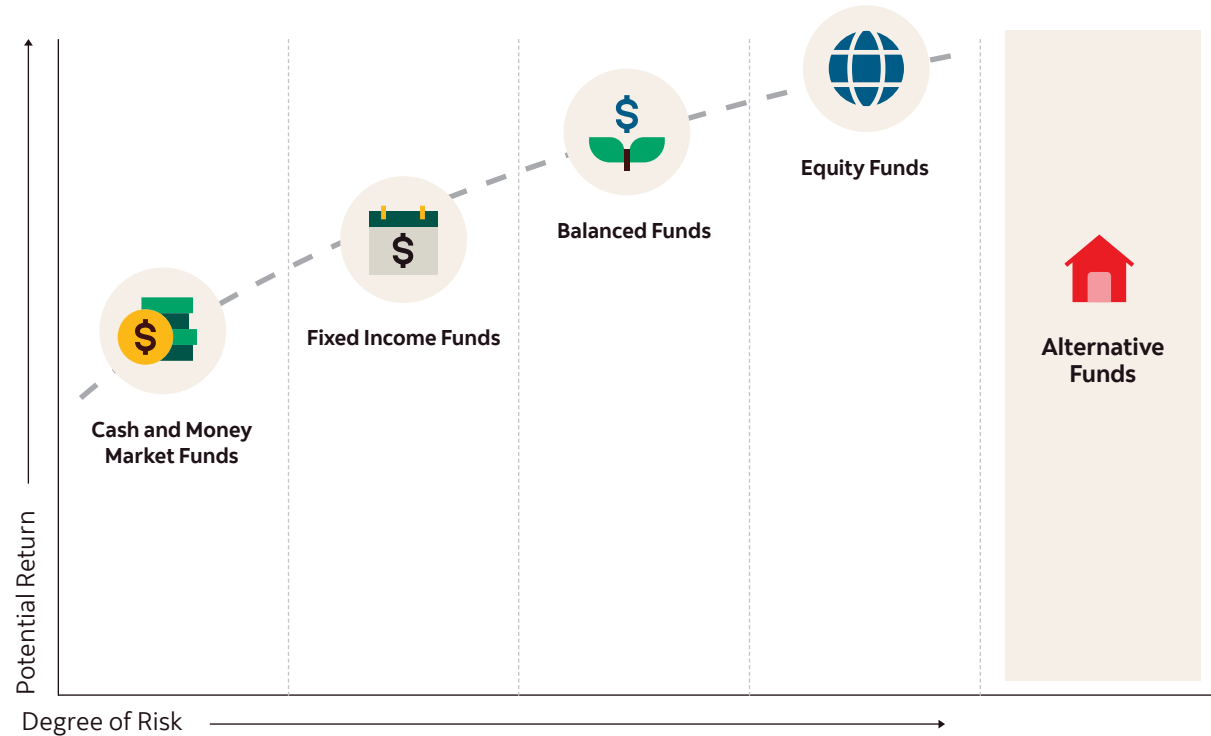
Every investment, including mutual funds, can fluctuate in value and has the potential to lose money. Equity investments generally have more risk than fixed income investments. To manage this risk, it is important to understand the investment objective of the mutual fund and the asset classes that it is invested in.

An investment advisor can identify those mutual funds that are suited for the investor based on their investment time horizon, investment objective and risk tolerance.

## Risk/Return relationship

A general rule of investing is that the higher the potential return, the higher the risk. This is known as the “risk/return tradeoff” and is illustrated in the chart to the right.

## Risk/Return relationship



## PART 4

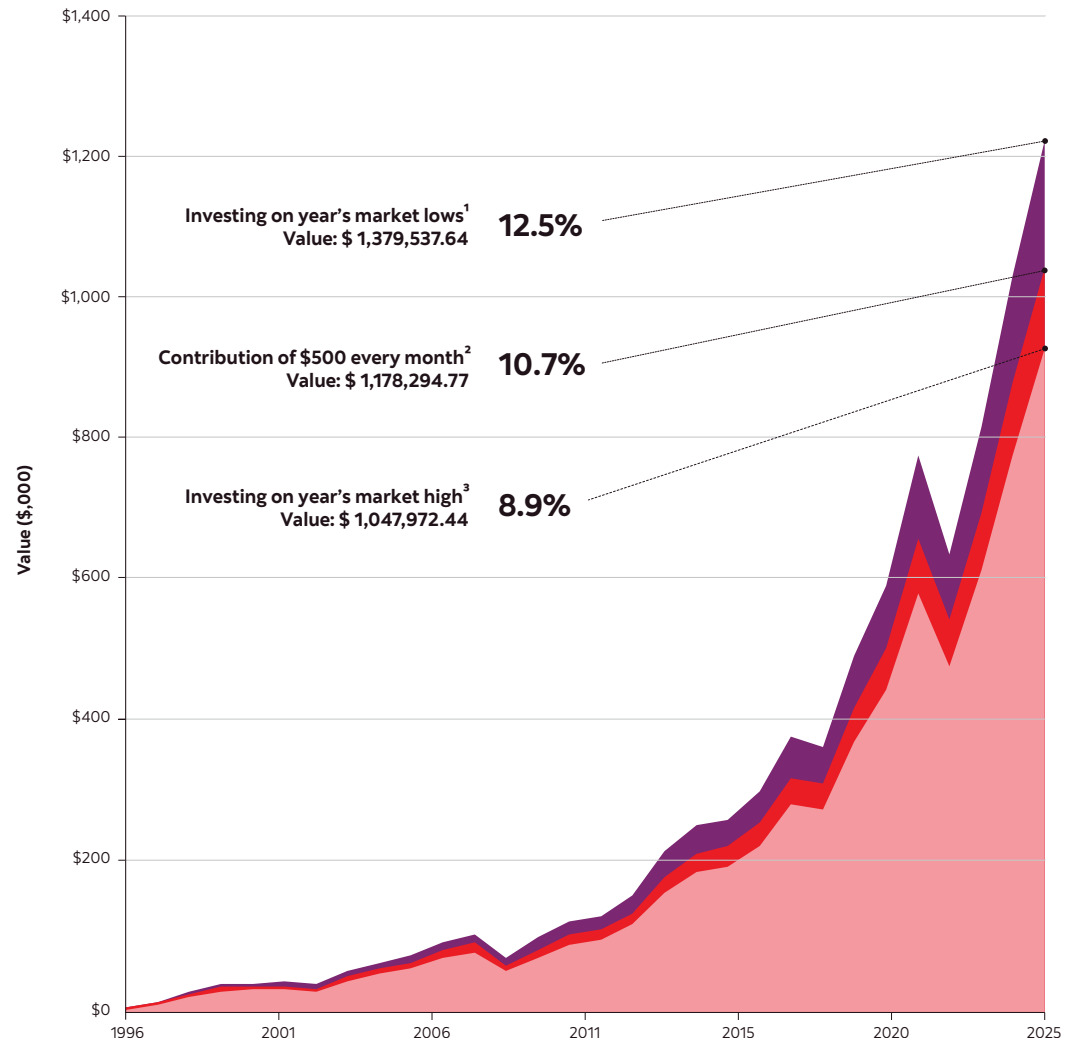
# Mutual Funds investment concepts

# Time, not timing, is what matters

Knowing when to invest isn't as important as how long to stay invested. Even investing on the worst days can generate positive returns over the long run. While investing on the best days may yield a better result in theory, it's virtually impossible to time the markets in practice. Consistently making contributions allows the investor's savings to grow effortlessly and automatically, all while taking advantage of dollar-cost averaging.

## Annualized compounded returns (of various approaches)

Contributing US \$6,000 each year since January 1, 1996 as of December 31, 2025



The above chart is for illustrative purposes only and does not reflect the actual results, future returns or future value of a mutual fund or any other investment. The S&P 500 Composite Total Return Index has been used to represent the market. The illustration shows how the performance of a US\$6,000 annual investment made on the first day of the month at the index's low<sup>1</sup> for each year and at the index's high<sup>3</sup> for each year compares to a regular US\$500 contribution at the beginning of each month<sup>2</sup> from January 1, 1996 to December 31, 2025. Indices are not managed, and it is not possible to invest directly in an index. This illustration assumes the reinvestment of income and no transaction costs, fees or taxes. Source: Morningstar

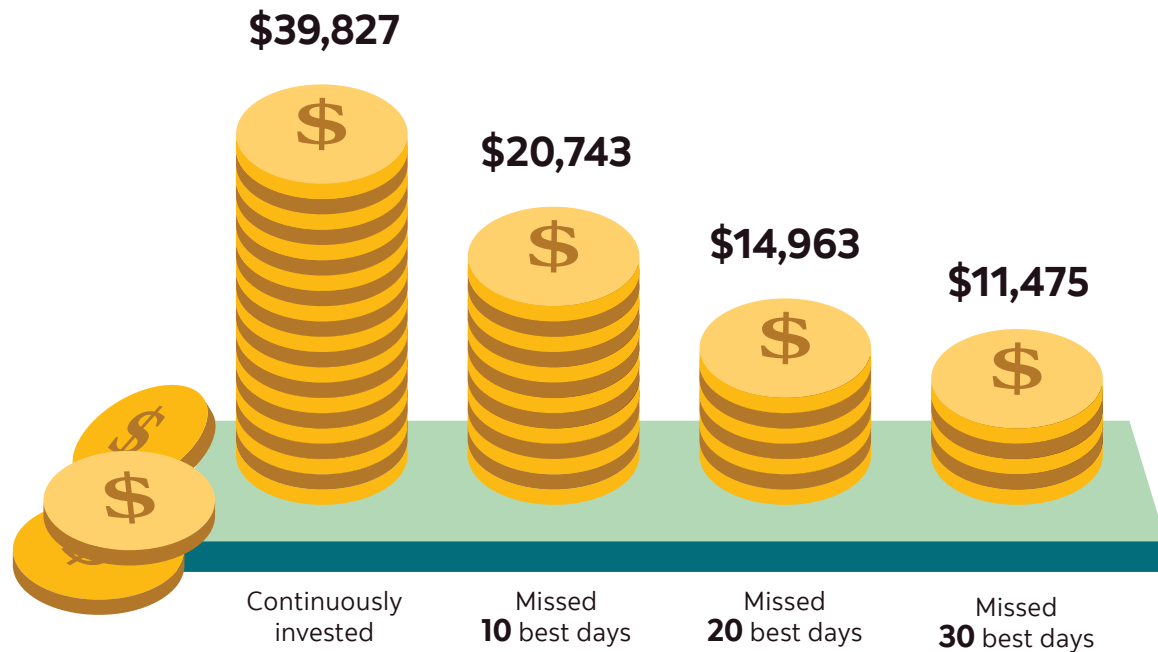


# The advantage of staying invested

Trying to time the ups and downs of the market is a bit like rolling the dice. Consider the impact of missing the best 10, 20 and 30 days on the value of US\$10,000 invested in the S&P 500 composite index over the past 10 years. Staying invested can potentially translate into a better outcome for investors. Historically, many of the best-performing days in the market have occurred immediately before or after some of the worst-performing days.

## Staying invested as of December 31, 2025

Dec. 31, 2015 – Dec. 31, 2025



Source: Morningstar. S&P 500 Composite Total Return Index, December 31, 2015 to December 31, 2025. Prices in US currency. It is not possible to invest directly in an index. Assumes reinvestment of all income and no transaction costs or taxes. Value of investment calculated using compounded daily returns. Missing 10, 20 and 30 best days, excludes the top respective return days.



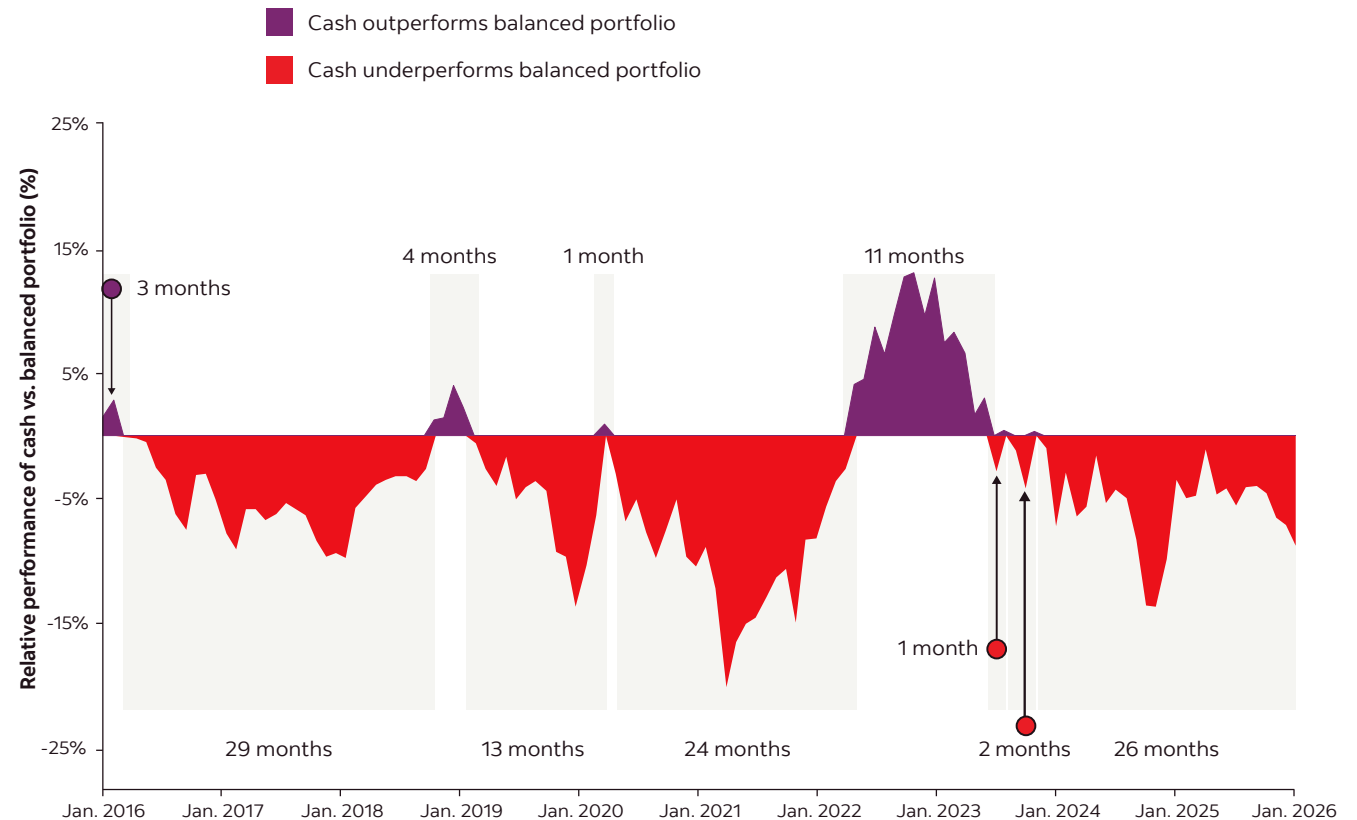
# The cost of safety

While cash can be useful for short-term needs like daily spending or emergency savings, it can come with significant — and often hidden — costs for long-term investors. An overly conservative approach of keeping savings in cash can hinder growth potential and increase the risk of falling short of your goals.

Instead of parking funds in cash in an attempt to manage risk, a balanced approach that's aligned to the investor's level for risk can help them achieve long-term goals.

## Sitting on the sidelines can be costly

How cash performed relative to a balanced portfolio over the last 10 years



Source: Morningstar, as of December 31, 2025. For illustrative purposes only. Balanced portfolio consists of 55% Bloomberg US Aggregate Bond TR, 33% MSCI World GR, 9% S&P 500 TR, 3% S&P/TSX Composite TR. Cash is represented by the USTREAST T-Bill Auction Ave 3 Mon. Assumes no transaction costs, fees, or taxes. It's not possible to invest directly in an index. 12-month rolling returns expressed in USD. Information in the grey shaded areas reflect the average relative performance of cash compared to the balanced portfolio over the indicated period of time.



# The cost of income

Despite the upward shift in the last years, there has been a decades-long secular decline in interest rates.

This trend has had a twofold impact on bond investors. The first is healthy capital gains and higher overall total returns. The second is the slow erosion of yields, and in turn, an increasing amount of capital required to generate a set amount of income.

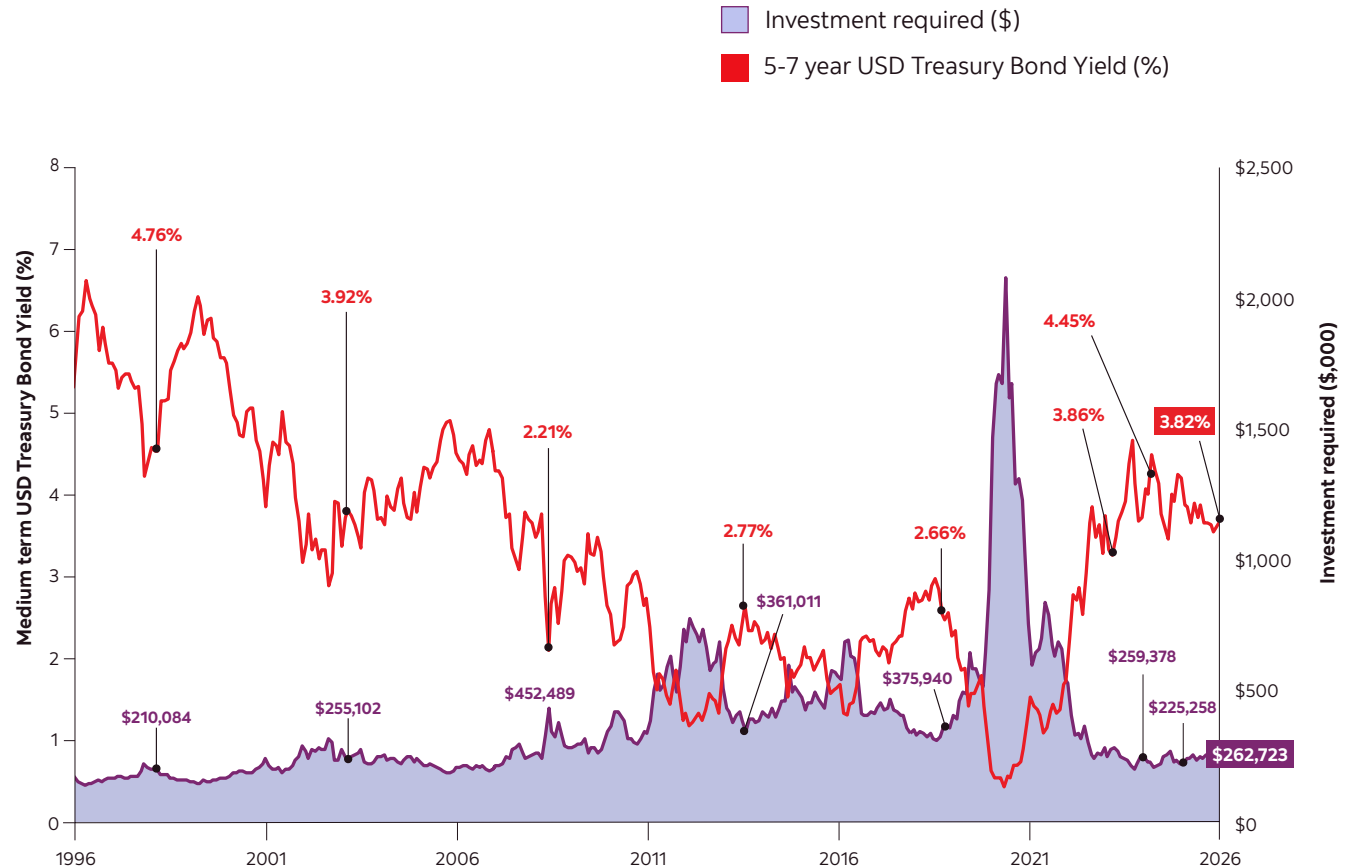
## DID YOU KNOW?

Investment amount required in Medium Term USD Treasury Bonds to generate US\$10,000 in annual income:

**January 1, 1996**  
**US\$178,856**

**December 31, 2025**  
**US \$262,723**

## Investment required to generate US\$10,000 of income January 1, 1996 to December 31, 2025



Source: Morningstar Direct. Bloomberg U.S. Treasury: 5-7 YR TR USD.



# Put diversification to work

No single asset class is consistently among the top performers, and the best and worst performers can change from one year to the next. A diversified portfolio of different asset classes provides the opportunity to participate in potential gains of each year's top asset classes while aiming to lessen the negative impact of those at the bottom.

Calendar year returns (USD)

%	2018	2019	2020	2021	2022	2023	2024	2025
HIGHEST ↑	28.78% Jamaica	31.49% U.S. Equities	18.69% Emerging Markets Equities	28.71% U.S. Equities	-8.96% Jamaica	26.29% U.S. Equities	25.02% U.S. Equities	38.16% Canadian Equities
	2.57% Trinidad and Tobago	29.42% Canadian Equities	18.40% U.S. Equities	26.17% Canadian Equities	-11.00% Trinidad and Tobago	24.42% Global Equities	19.19% Global Equities	34.36% Emerging Markets Equities
	0.01% U.S. Bonds	29.31% Jamaica	16.50% Global Equities	22.35% Global Equities	-12.22% Canadian Equities	14.83% Canadian Equities	11.53% Canadian Equities	21.60% Global Equities
	-3.59% Balanced portfolio	28.40% Global Equities	11.45% Balanced portfolio	12.59% Trinidad and Tobago	-13.01% U.S. Bonds	13.91% Balanced portfolio	9.62% Balanced portfolio	17.88% U.S. Equities
	-4.38% U.S. Equities	18.90% Emerging Markets Equities	7.51% U.S. Bonds	9.89% Balanced portfolio	-15.00% Balanced portfolio	10.27% Emerging Markets Equities	8.05% Emerging Markets Equities	13.90% Balanced portfolio
	-8.20% Global Equities	17.88% Balanced portfolio	7.49% Canadian Equities	-1.54% U.S. Bonds	-17.73% Global Equities	5.53% U.S. Bonds	2.45% Jamaica	7.30% U.S. Bonds
	-14.25% Emerging Markets Equities	13.04% Trinidad and Tobago	-9.79% Trinidad and Tobago	-2.22% Emerging Markets Equities	-18.11% U.S. Equities	-8.60% Trinidad and Tobago	1.25% U.S. Bonds	-7.54% Jamaica
LOWEST ↓	-16.41% Canadian Equities	8.72% U.S. Bonds	-27.93% Jamaica	-7.38% Jamaica	-19.74% Emerging Markets Equities	-9.92% Jamaica	-11.75% Trinidad and Tobago	-11.71% Trinidad and Tobago

Asset class	Index
Global Equities	MSCI World GR USD
Canadian Equities	S&P/TSX Composite TR USD
U.S. Bonds	Bloomberg US Aggregate Bond TR USD
U.S. Equities	S&P 500 TR USD
Balanced portfolio	Balanced (55% U.S. Bond, 33% Global Equity, 9% U.S. Equity, 3% Canadian Equity)
Emerging Markets Equities	MSCI EM GR USD
Trinidad and Tobago	TTCOMP Index
Jamaica	JMSMX Index

Source: Morningstar. Priced in US currency, as at December 31, 2025. Assumes reinvestment of all income and no transaction costs or taxes. Annual returns compounded monthly. The asset classes are represented by their indicated indices and the balanced portfolio is hypothetical in nature. This information is for illustrative purposes only. It is not possible to invest directly in an index.

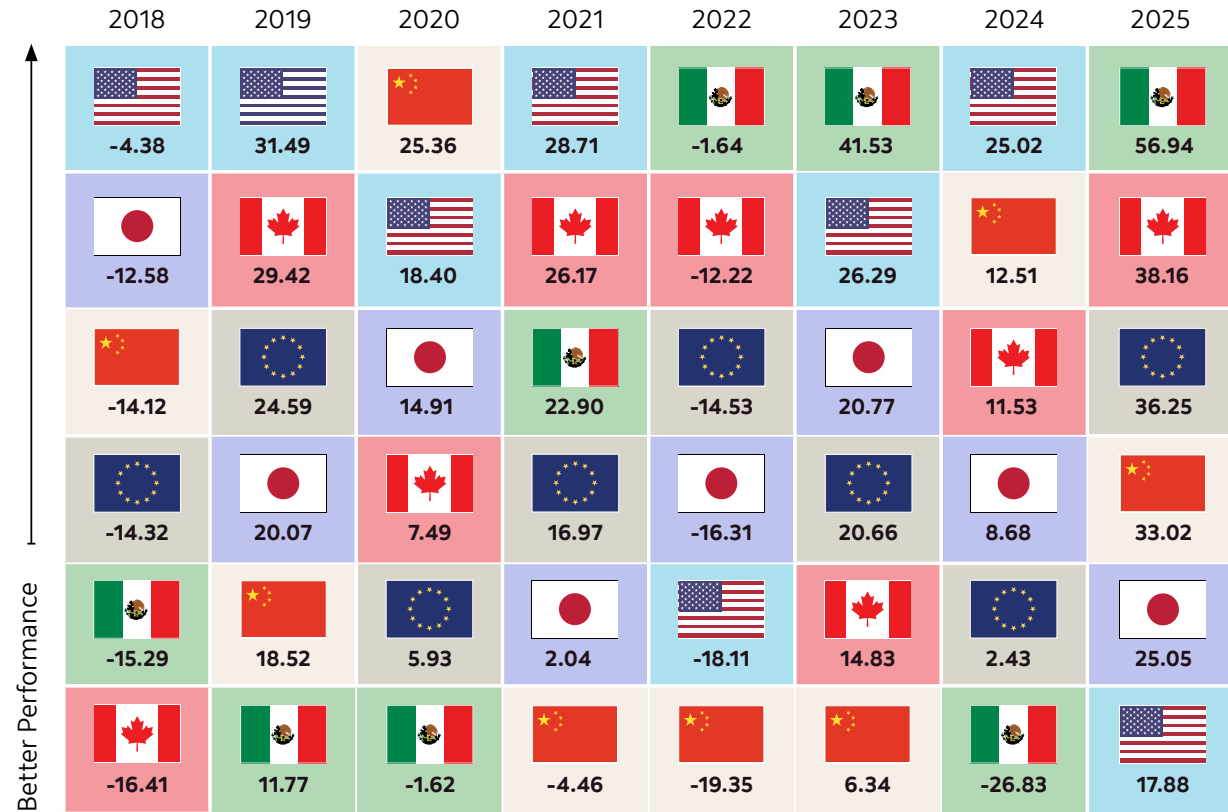


# A world of opportunity

A well-diversified portfolio, not only have exposure to different asset classes but also to Global markets.

A Global Portfolio can help investors capitalize on growth opportunities across various markets, while also mitigating risks during downturns in specific regions.

Yearly Diversification output (global)



Source: Morningstar. Annual total returns in US currency as of December 31, 2025. Assumes reinvestment of all income and no transaction costs or taxes. Annual returns compounded monthly. The information is for illustrative purposes only. It is not possible to invest directly in an index.



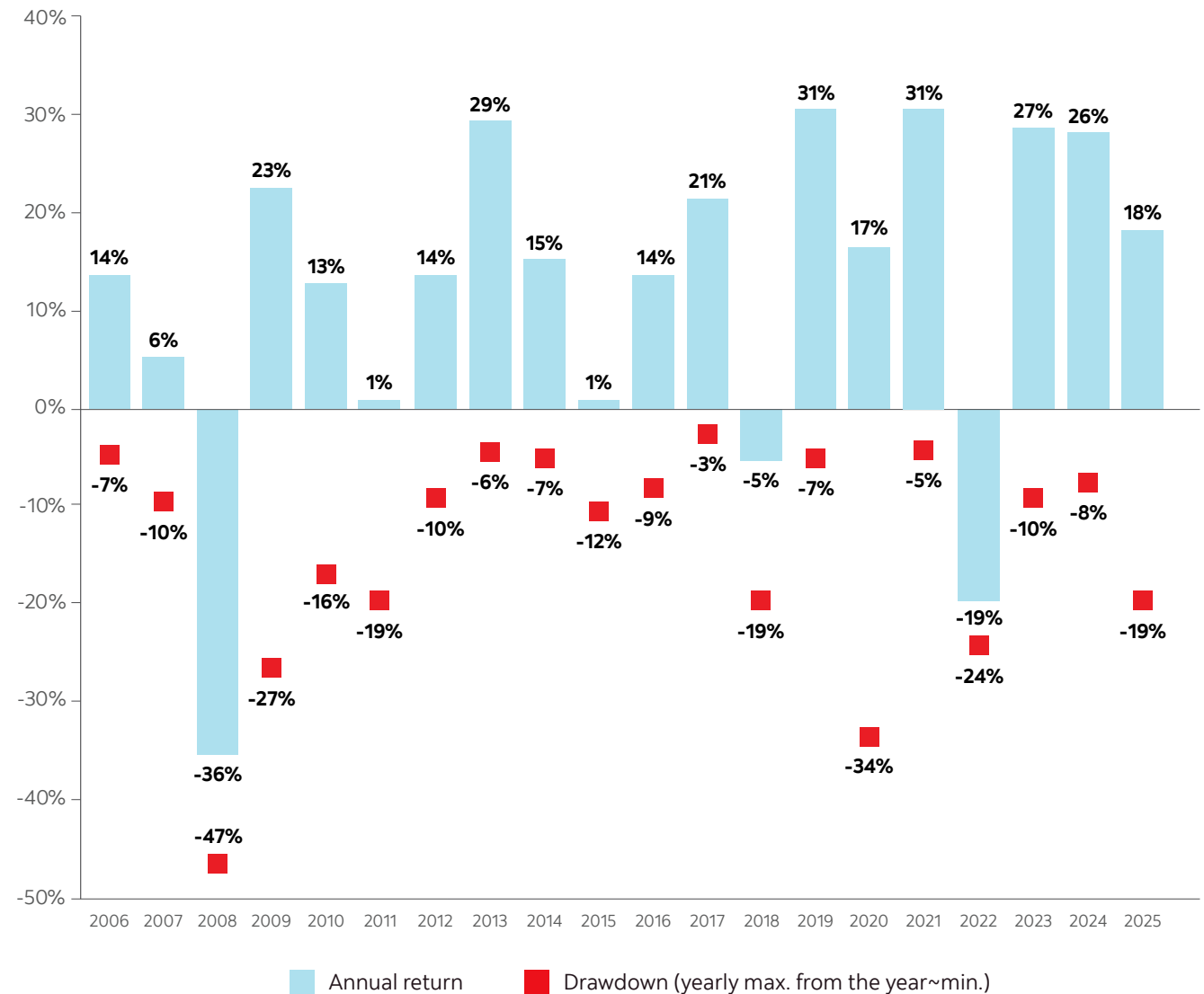
# Markets in motions

Markets rarely move in a straight line. Even in years that finish with positive returns, there can be sharp drops along the way. These short-term declines, called drawdowns, are a normal part of investing and can happen quickly and unexpectedly. This chart shows how those declines can occur even in years that ultimately end higher.

## Did you know?

Over the past 20 years, US equity index has experienced an average annual drawdown of about 15%.

Annual market returns and intra-year drawdowns over the past 20 years



Source: Morningstar, as of December 31, 2025. For illustrative purposes only. Returns for the S&P/TSX Composite TR Index are calculated in Canadian dollars, annualized over the period specified, and assume reinvestment of all income with no transaction costs or taxes. It is not possible to invest directly in an index. Returns are calculated ending December 31 of the period shown and are rounded to the nearest whole percent.

## PART 5

# Getting Started – Investment strategies

# Emergency fund

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An emergency fund is an essential part of a solid financial plan. Emergency funds create a financial buffer that can keep individuals afloat in a time of need without having to rely on credit cards or high-interest loans.

Having an emergency fund is particularly crucial for someone in debt, as it can prevent them from taking on additional loans during unexpected situations.

An emergency fund is an account with money set aside to pay for large, unexpected expenses, such as:



**Unforeseen medical  
or dental expenses**



**Home-appliance  
repair or replacement**



**Major car fixes**



**Unplanned travel  
expenses**

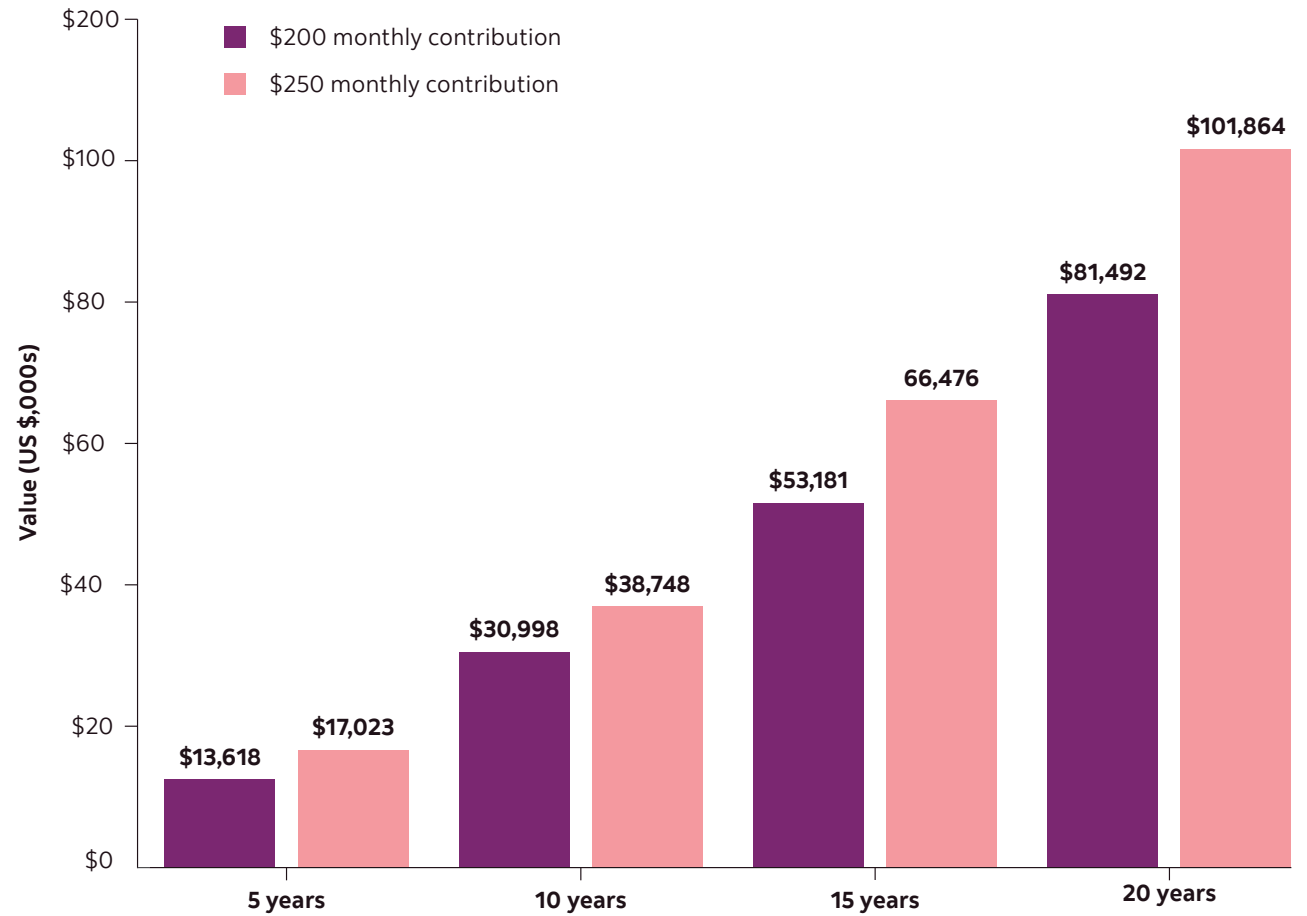


**Unemployment**

# The power of regular investing

Investing on a regular basis can help investors build their savings easily and automatically. Even small increases of regular contributions can help them reach their long-term goals faster. The chart illustrates the impact of adding US\$50 to a monthly contribution over time.

## Regular monthly investing



For illustrative purposes only. Assumes a 5% rate of return and is not intended to reflect an actual rate of return or reflect the returns or future value of an actual mutual fund or any other investment. Compounding simulation is used to demonstrate the effects of compound growth on a fixed monthly contribution over various periods of time. Excludes any applicable taxes, fees, the impact of inflation and based on current dollars.



# Benefits of regular investing

- Helps investors stick to their plan.
- Makes saving easy and convenient.
- Takes advantage of compound growth.
- Eliminates the guesswork of when to invest.
- Works with almost any budget.

## Bi-weekly contributions

### Make it bi-weekly and save more

Changing contributions from a monthly basis to a bi-weekly basis can really add up. It's a small change that can have a big impact over the long term.

**\$88,186**



\$100 bi-weekly  
(20-year period)

**\$81,186**



\$200 a month  
(20-year period)

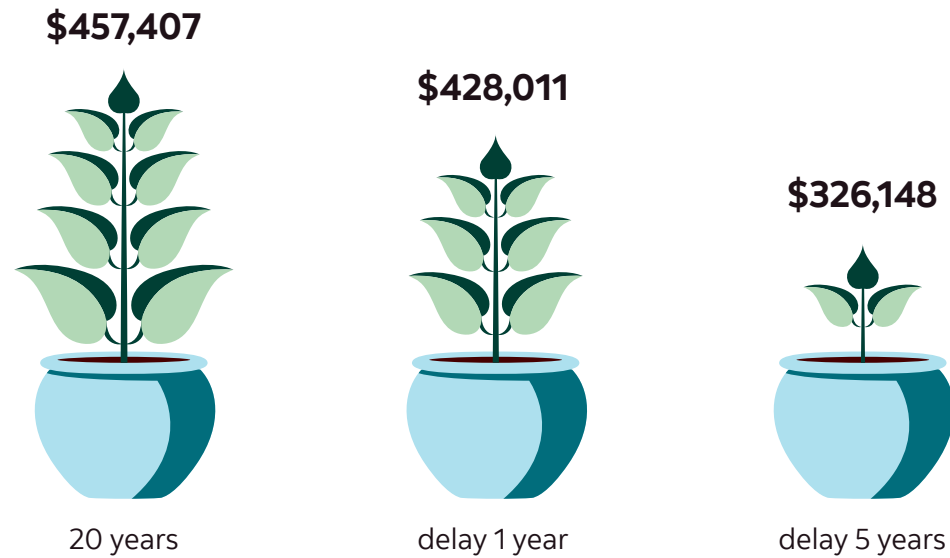
For illustrative purposes only. Assumes a 5% rate of return and is not intended to reflect an actual rate of return or reflect the returns or future value of an actual mutual fund or any other investment. Compounding simulation is used to demonstrate the effects of compound growth on a fixed monthly contribution over various periods of time. Excludes any applicable taxes, fees, the impact of inflation. Figures expressed in US dollars.



## Getting ahead by not falling behind

Time is our biggest ally when it comes to investing, and the impact of delaying saving for long-term goals for even a short time can be significant. In this example, a US\$100,000 portfolio with US\$300 monthly contribution could grow to US\$457,407 over 20 years.

Postponing monthly contributions by just one year could reduce potential savings by US\$29,396, or US\$131,259 after five years.



For illustration purposes only and is not intended to reflect the rate of return or the future value of an actual mutual fund or any other investment. Based on an assumed annual rate of return of 6%, a monthly contribution of \$300 made at the beginning of each month and an initial investment of \$100,000.

## Time is on your side

The earlier individuals start contributing to their savings, the better off they'll be, thanks to the power of compound growth. Having the advantage of more time on their side means they may end up with more, even if they contributed less.

Waiting to start saving until age 45 comes at a cost — Mark would need to contribute US\$303 every two weeks over 15 years, a total contribution of US\$118,170, to catch up to Susan.

### Susan

\$100 biweekly  
starting at age 30



Total investment at 65  
**\$298,672**



### Mark

\$200 biweekly  
starting at age 45



Total investment at 65  
**\$197,189**



For illustrative purposes only. The calculation assumes reinvestment of all income and no transaction costs or taxes. Illustration assumes a rate of return of 6%, compounded annually, and is not intended to reflect the rate of return or the future value of an actual mutual fund or any other investment.

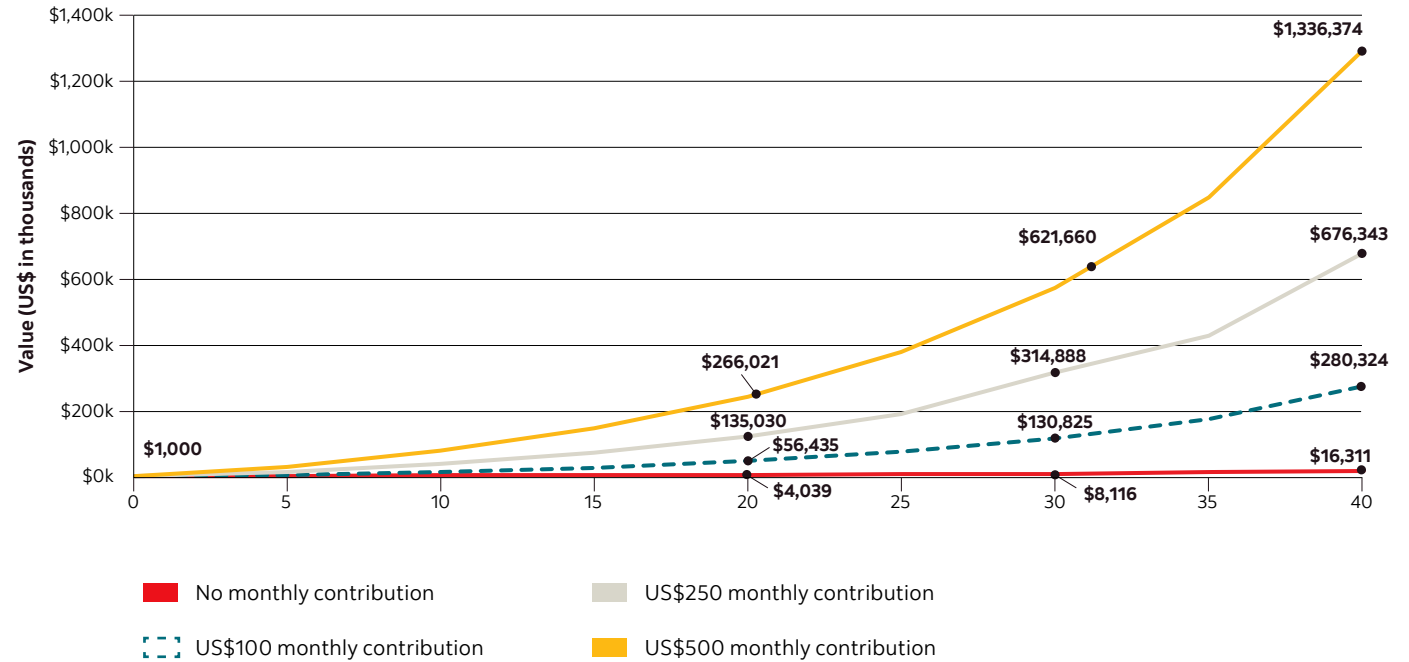


# The benefit of compounding

One doesn't always need a lot of money to make a lot of money. The graphs show how monthly contributions – boosted by the power of compound growth – can accumulate significantly over time.

US\$1,000 Initial investment  
(and adding US\$100, US\$200  
and US\$500 monthly contribution)

### Impact of compounding returns at 7% over time



Rates of return are used for illustrative purposes only and are not intended to forecast future returns on any investment.



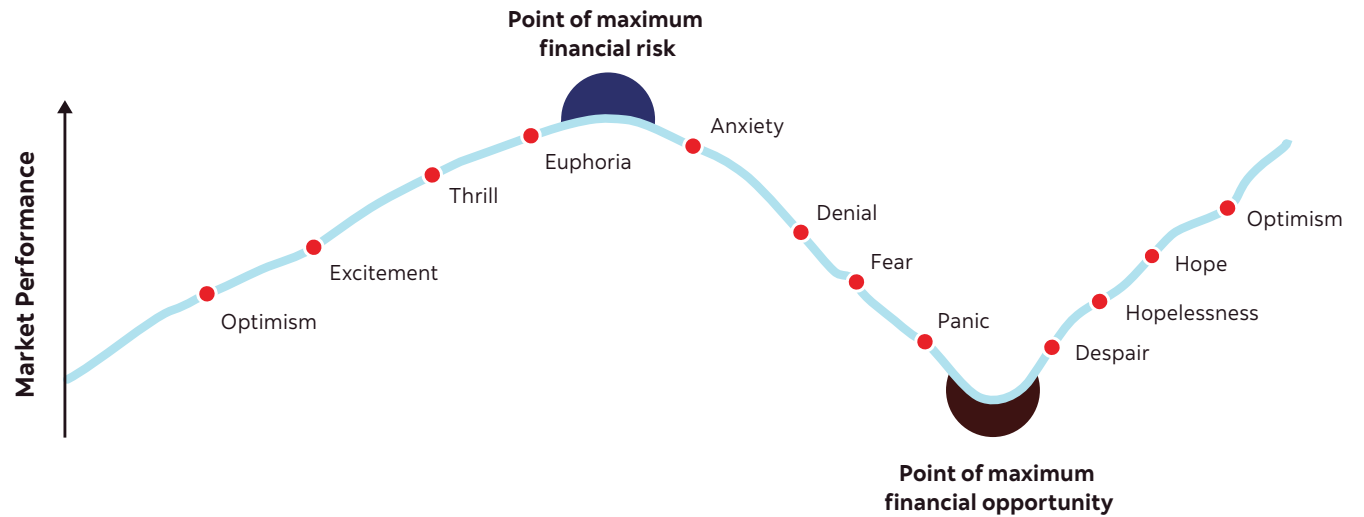
# Cycle of market emotions

While the ups and downs of financial markets are largely unpredictable, their effects on investor behaviour can be observed.

Many of us experience a rollercoaster of emotions when investing, which can translate into poor buy-and-sell decisions. Emotions like fear, euphoria, anxiety, and excitement can drive even the savviest investors to make emotionally-driven investment decisions.

Be mindful of how emotions can influence investment decisions. Apply the concepts related to mutual funds from this guide to mitigate emotional biases the next time you review an investment opportunity.

## The cycle of investor emotions



Source: Darst, David M. (Morgan Stanley and Companies, Inc.). The Art of Asset Allocation, 2003.



# 5 principles of managing volatility

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## Keep calm and carry on

Investors generally feel a financial loss about two and a half times more than a gain of the same magnitude. Understandably, many of us experience a roller coaster of emotions when investing, which can translate into poor buy and sell decisions. Making your clients aware of these emotions during times of volatility will help them stay the course and help them avoid the cycle of market emotions.



## Focus on the big picture

Short-term ups and downs can cause investors to lose sight of the big picture, which is why having a financial plan is so important. If you have taken the time to determine what your client's financial goals are, this can go a long way to keeping them on track and reminding them why they are investing in the first place, whether it's for retirement, their child's education or some other goal important to them.



## It's time, not timing

Why shouldn't investors automatically trim their investments when market uncertainty sets in? Because trying to time the ups and downs of the market is a bit like rolling the dice. Staying invested—sometimes referred to as the 'grin and bear it' approach—can potentially translate into a better outcome.



## Manage risk, don't avoid it

Risk can be a loaded term when it comes to investing—and is often misunderstood. For example, volatility is often seen as synonymous with risk, but in fact volatility simply measures how much a return fluctuates. While investors may fixate on these fluctuations, the permanent loss of capital should be of greater concern. Often investors believe that reducing exposure to securities that are perceived as 'risky' helps to lower risk, while ignoring other risks altogether, such as longevity risk—the risk that they'll outlive their retirement savings. Like it or not, investing and risk are a package deal that go hand in hand. While risk can't be avoided, it can be managed over the long term by using diversification.



## Put diversification to work

Often equated to not putting all your eggs in one basket, diversification is a technique that mixes different types of securities in a portfolio to help smooth out returns over time. By including securities that have different reactions to economic trends—or have a negative correlation to one another—as one type of security falls the other should rise, which can help to offset the negative effects. Investments can be diversified in a number of ways, such as by: asset class, investment style, geographic region, economic sector, company size and portfolio manager.



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