



RBC Wealth Management™

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Which of these Investors would you rather be?

"Mr. Ringling had \$100,000 invested in the stock market at the beginning of the day on Thursday. By the end of the day Friday, his portfolio was down 10% to \$90,000. On Monday, his stocks rallied 5% and were now worth \$94,500. Mr. Ringling was unaware of all this because he was juggling a busy schedule. Over the next 5 years, his portfolio grew by 8% annually and became worth \$138,850.

Ms. Aquarius also had \$100,000 invested in the stock market at the beginning of the day Thursday. She began to feel that the moon and stars were aligning for a big correction, (plus she only worked half days so she could actively manage her portfolio), so she sold her stocks as the market weakened after only a 2.5% decline. She felt very smug going into the weekend with her \$97,500. She woke up Monday after the 5% rally and reinvested her money. Over the next 5 years, her portfolio grew by 8% annually and became worth \$143,250.

Mr. and Mrs. Roubini had \$100,000 invested in the stock market, but went to all cash **Wednesday** because they just knew that there was going to be a sovereign debt crisis in Europe. Clearly the best place to be was US bonds and they were able to secure a 5 year bond paying 2.5%. They slept like babies all weekend and took pity on their friend, Mr. Ringling, for trusting his idiot wealth manager. "What a clown," they said. After 5 years, their portfolio grew to \$113,140."

- Borrowed from a distinguished and witty friend who also happens to know a lot about the investing world.

Regards,

Terry

The views presented herein are solely those of Terrence Webb, and do not necessarily represent the views of RBC Wealth Management. Current status of issues discussed in this letter is subject to change based upon market conditions and industry fundamentals. Clients should work with their Financial Advisor to develop investment strategies tailored to their own financial circumstances. Past performance is no guarantee of future results.