

Investing Insights

December 31, 2019



MACKENZIE
Investments

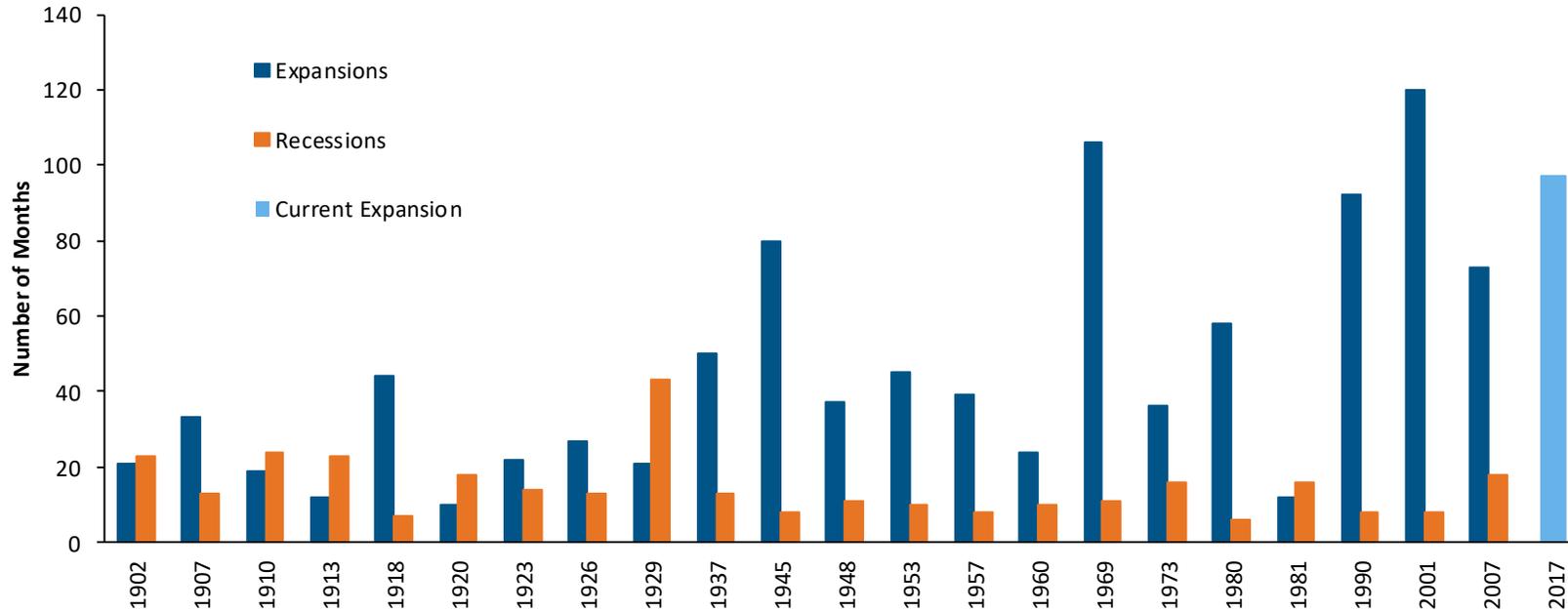
That's better together



Managing Downturns



Expansion vs. Recession in the US



Average, all cycles:	Recession	Expansion
1854-2009 (33 cycles)	16	42
1854-1919 (16 cycles)	22	27
1919-1945 (6 cycles)	18	35
1945-2009 (11 cycles)	11	59

Recession is the number of months from peak to trough.
Expansion is the number of months from the previous trough to latest peak.

For example: 120 months – March 1991 to March 2001 expansion



S&P/TSX Declines Greater Than 30%

Period		Peak Value	Trough Value	Decline	Months from Peak to Trough	Price Return (from trough)		
Peak Date	Trough Date					3 months	1 year	10 years
Sep 2 1929	Jun 1 1932	332.61	64.20	(80.7%)	33	45.8%	79.2%	37.9%
Jul 3 1956	Dec 3 1957	617.67	432.11	(30.0%)	17	5.8%	26.8%	108.1%
Oct 1 1973	Sep 3 1974	1,329.28	832.98	(37.3%)	11	1.4%	17.2%	186.5%
Nov 28 1980	Jul 8 1982	2,402.23	1,346.35	(44.0%)	19	26.2%	84.1%	153.7%
Aug 13 1987	Oct 28 1987	4,112.86	2,837.79	(31.0%)	3	7.9%	20.0%	137.4%
Apr 22 1998	Oct 5 1998	7,822.25	5,336.15	(31.8%)	6	24.8%	31.0%	102.5%
Sep 1 2000	Oct 9 2002	11,388.80	5,695.33	(50.0%)	25	18.9%	33.5%	115.5%
Jun 18 2008	Mar 9 2009	15,073.13	7,566.94	(49.8%)	9	39.4%	57.5%	N/A
Average:				(43.5%)	16	18.7%	41.7%	121.0%
Ex-Period 1 (Great Depression):				(37.4%)	13	14.2%	35.4%	137.6%

Annualized Price Return (excludes dividends)

Average: 8.00%

Ex-Period 1 (Great Depression): 9.00%



Staying Invested May Improve Returns

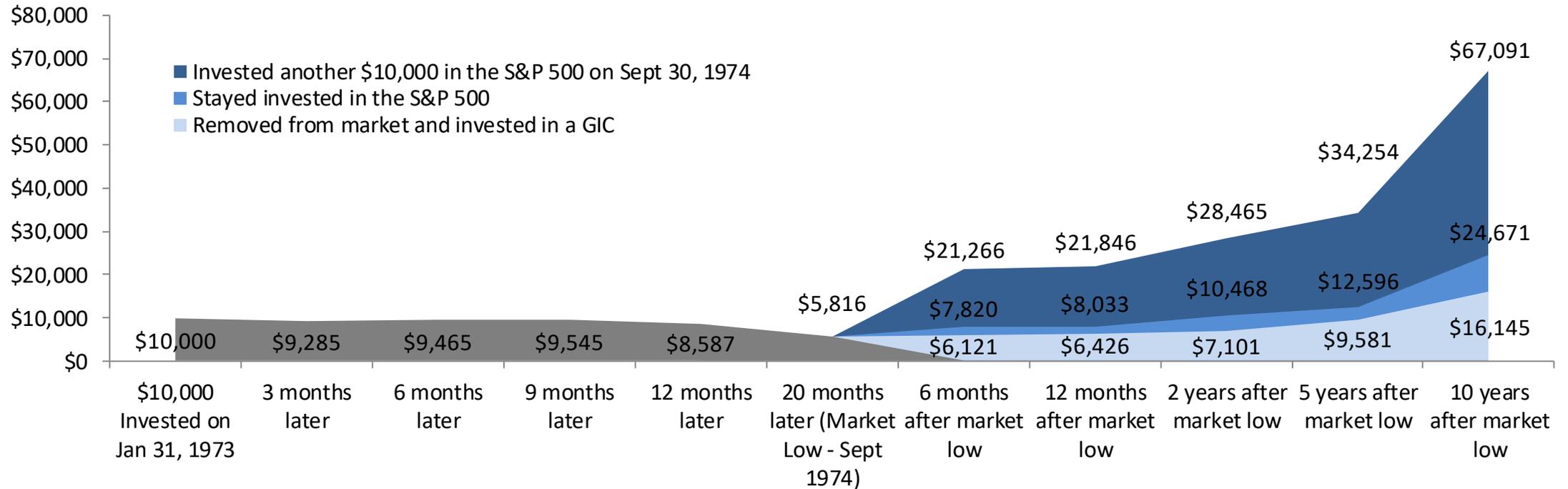
Crisis	Market Low	1 Year Later	2 Years Later
The Korean War	7/13/1950	28.8%	39.3%
Cuban Missile Crisis	10/23/1962	33.8%	57.3%
JFK Assassination	11/23/1963	25.0%	33.0%
1969 to 70 Market Break	5/26/1970	43.6%	53.9%
1973 to 74 Market Break	12/6/1974	42.2%	66.5%
1979 to 80 Oil Crisis	3/27/1980	27.9%	5.9%
1987 Stock Market Crash	10/19/1987	22.9%	54.3%
Desert Storm	10/11/1990	21.1%	30.2%
Soviet coup d'état attempt	8/19/1991	11.1%	21.2%
Asian Financial Crisis	4/2/1997	49.3%	76.2%
Dot-com Bubble Crash / Sept 11 / Enron	10/9/2002	33.7%	44.8%
Invasion of Iraq	3/11/2003	38.2%	50.6%
North Korean Missile Test	7/17/2006	25.5%	2.1%
Subprime Mortgage Crisis	3/9/2009	68.6%	95.1%
Average Appreciation		33.7%	45.0%

Snapshots in time of significant negative international events from 1950 to March 2009, and the subsequent change in market value from the S&P 500 low in that calendar year to one and two years hence.



Bear Market Decision in September 1974

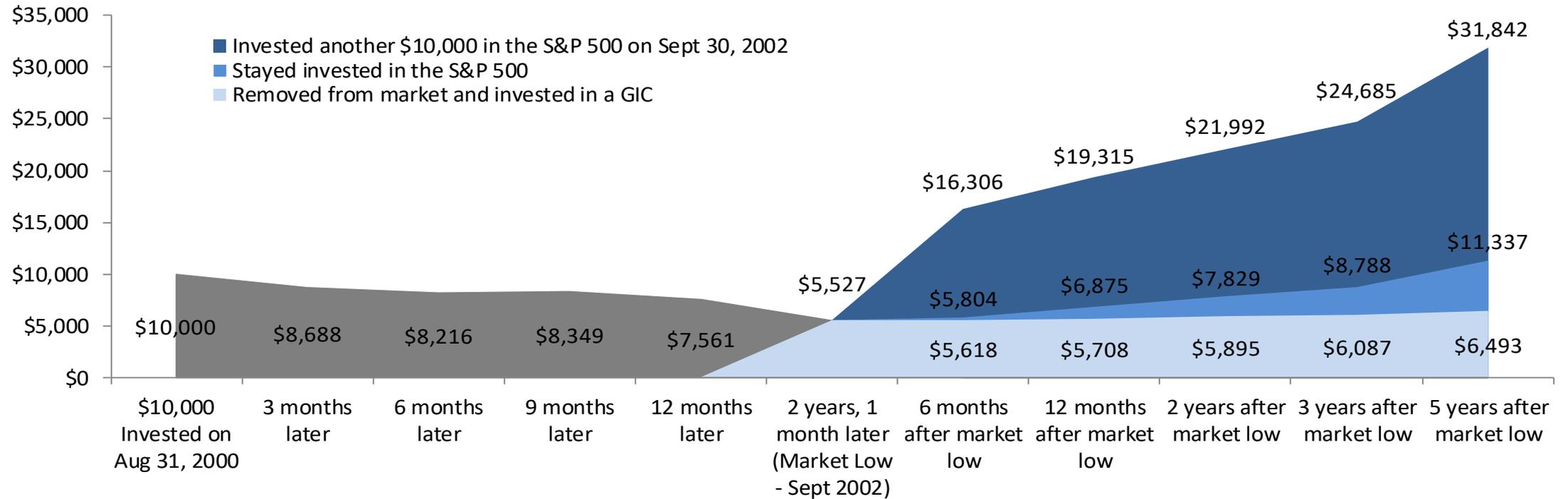
\$10,000 Invested in the S&P 500 on January 31, 1973





Bear Market Decision in September 2002

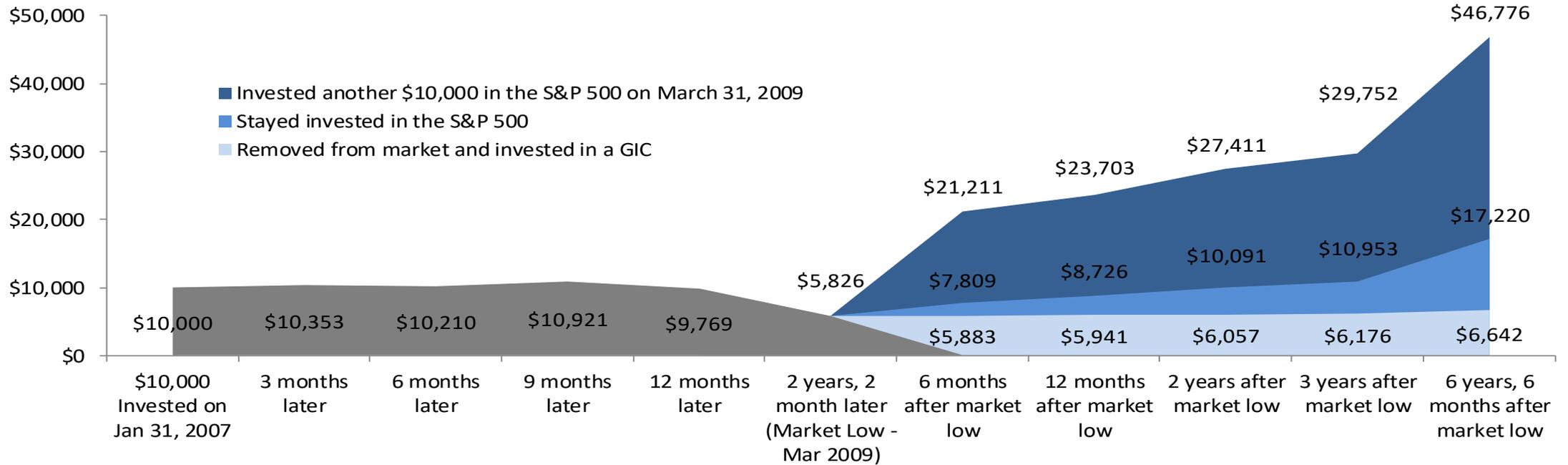
\$10,000 Invested in the S&P 500 on August 31, 2000





Bear Market Decision in March 2009

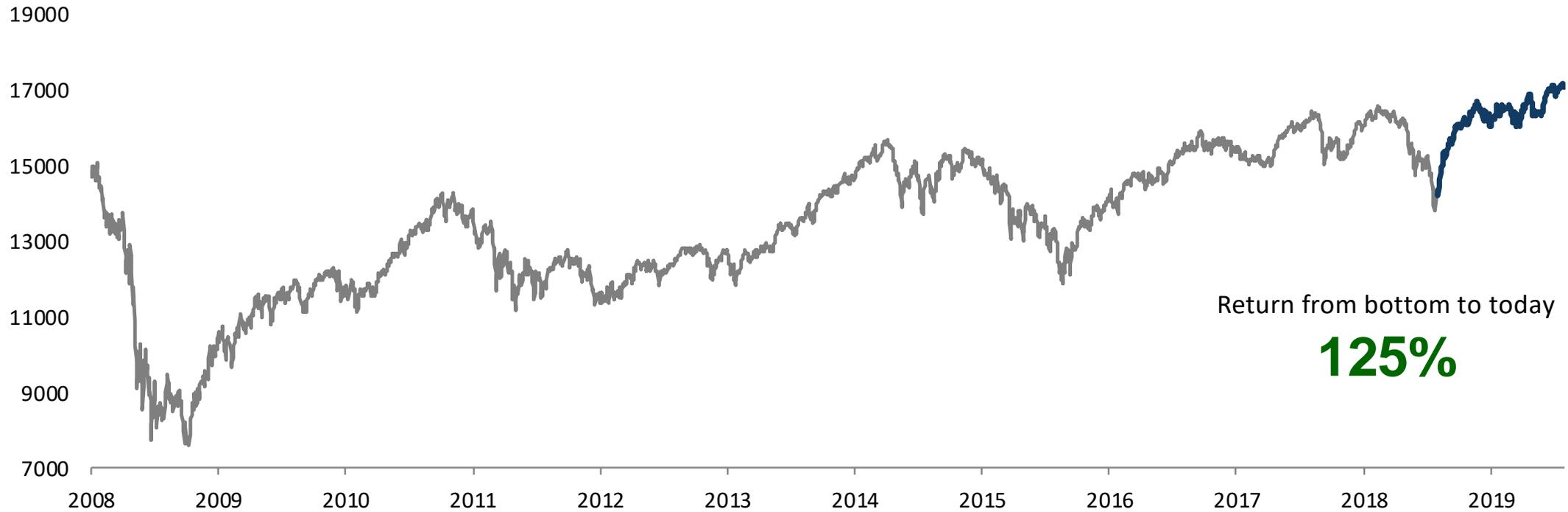
\$10,000 Invested in the S&P 500 on January 31, 2007





Recovery from the Previous Recession

S&P/TSX Composite Index



Source: Bloomberg (Dec 2019)

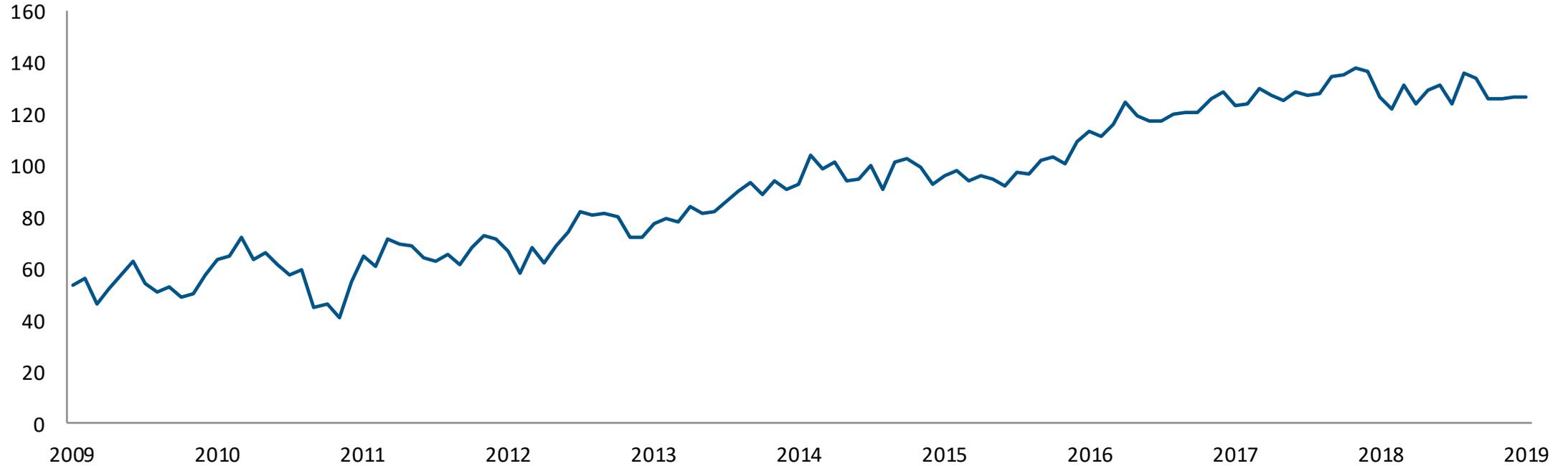


Confidence & Volatility



US Consumer Confidence

Conference Board's US Consumer Confidence Index

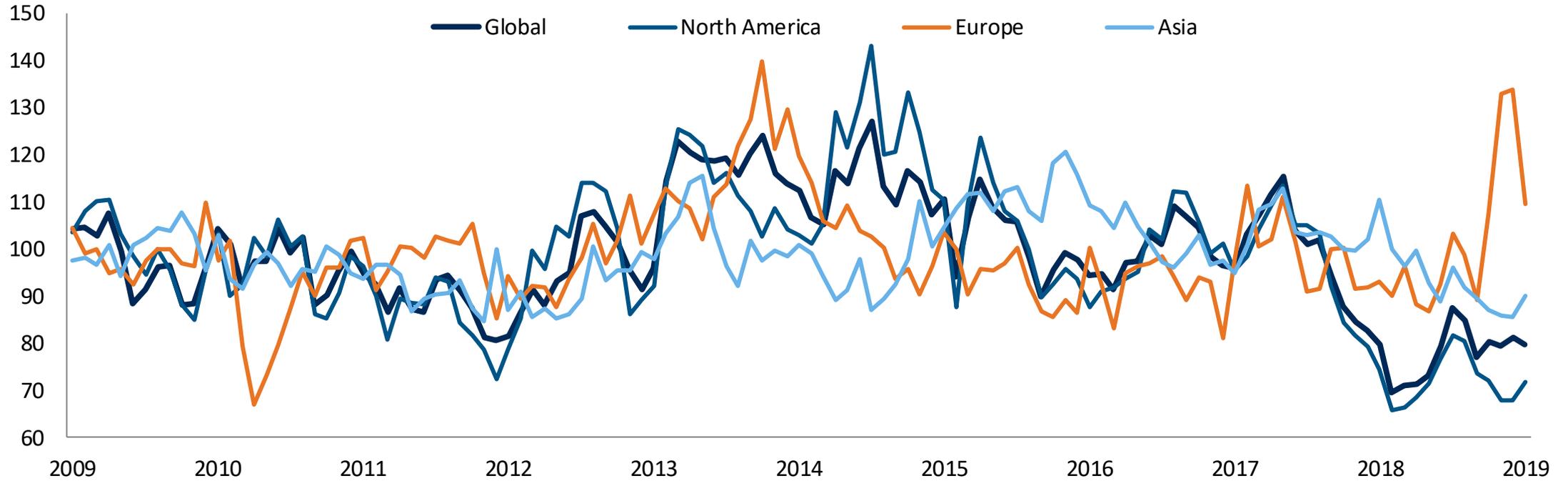


Source: Bloomberg (Dec 2019)



Investor Confidence

State Street Investor Confidence Index (Reflects Institutional Investors)

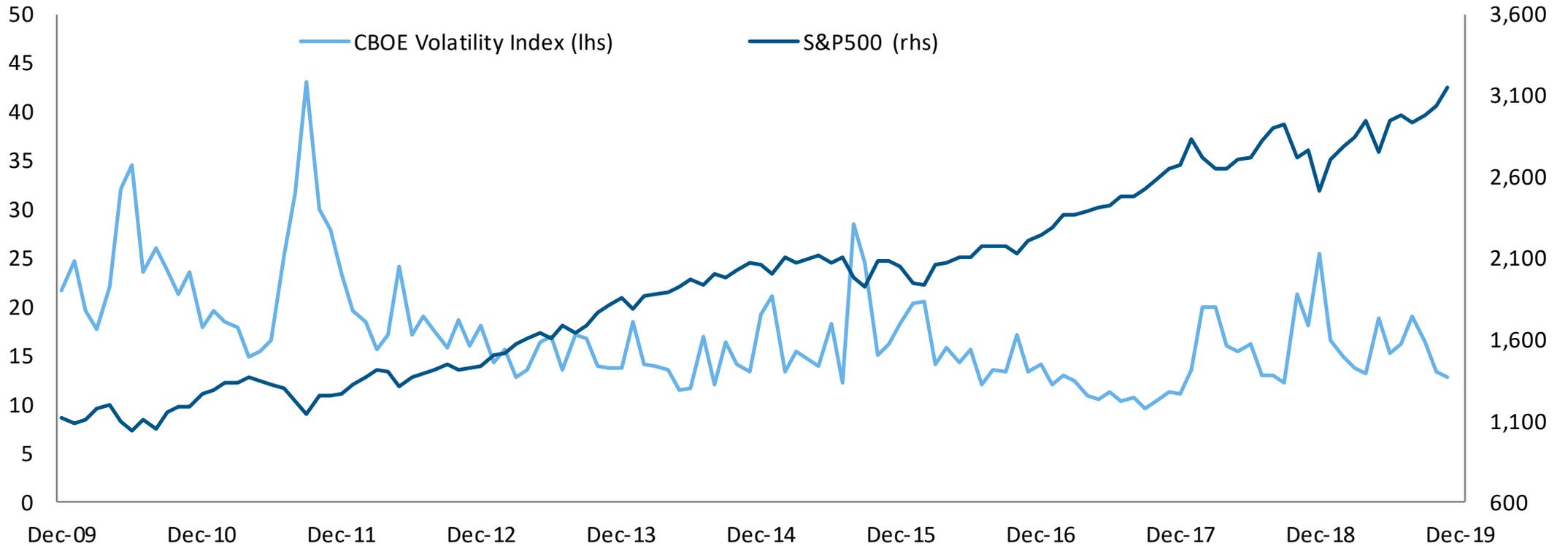


Source: Bloomberg (Dec 2019)



Market Volatility

CBOE Volatility Index vs. S&P 500 Index



Source: Bloomberg (Dec 2019)

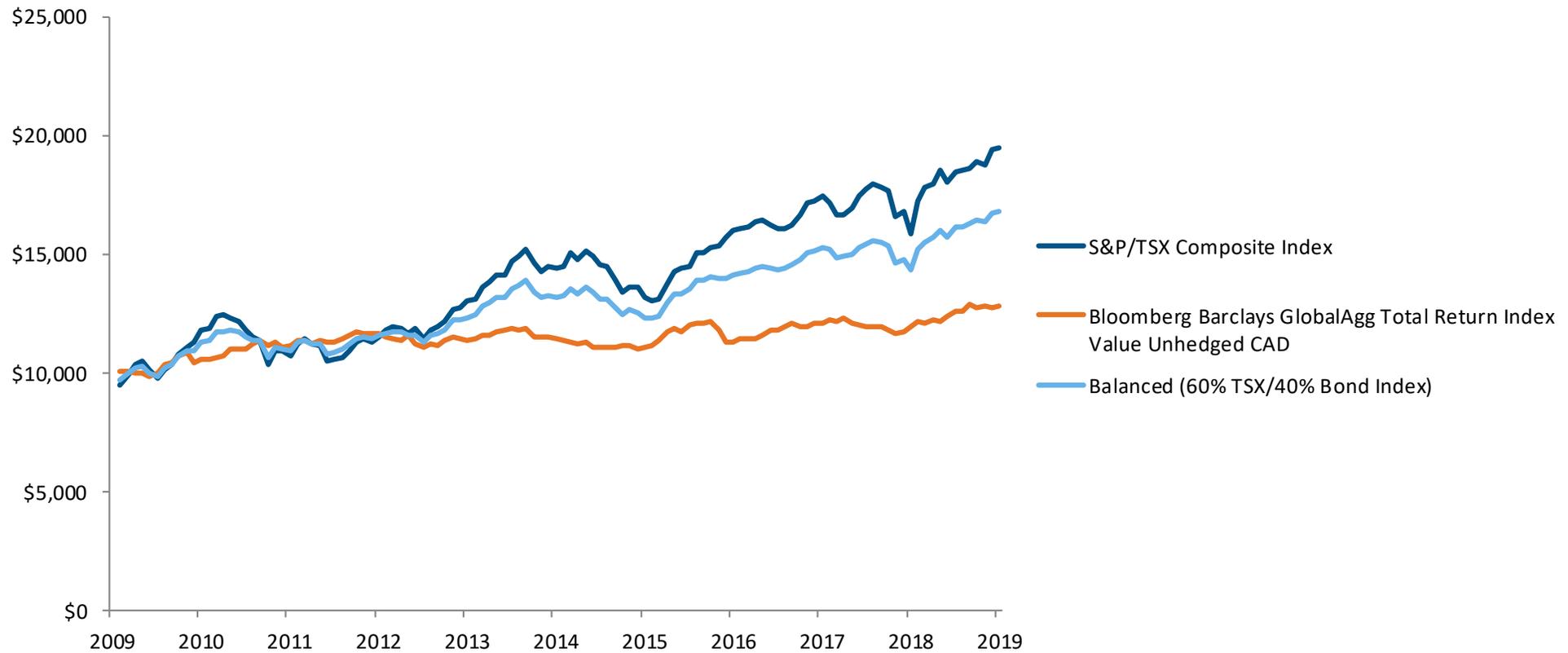


Diversification



A “Balanced” Approach

Growth of \$10,000 over the past 10 years as at December 31, 2019



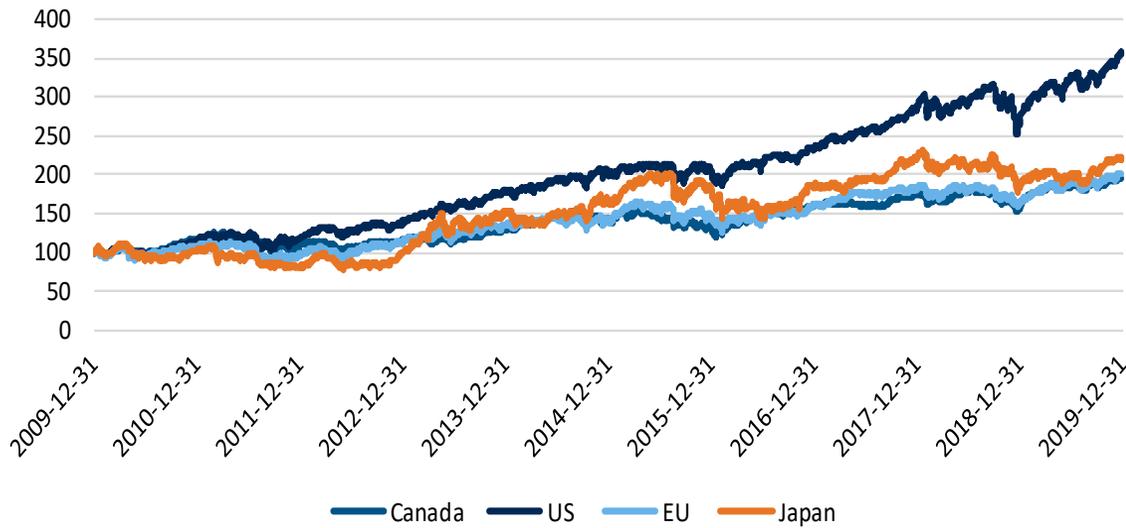
Source: Bloomberg (Dec 2019)



Global Market Results

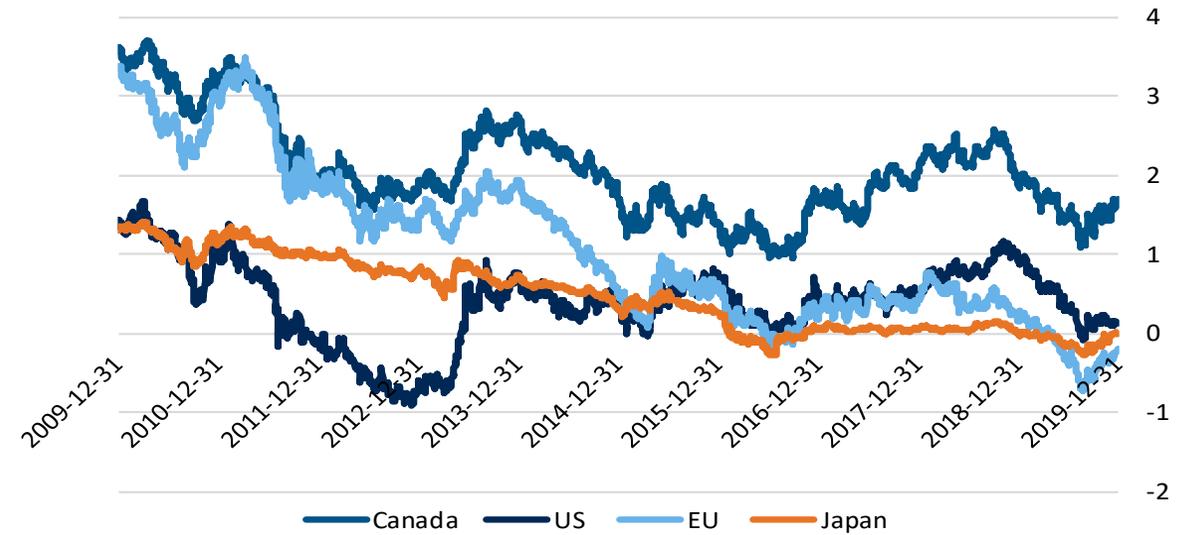
Equity Market Returns

as of December 31, 2019; total returns indexed to 100, local currency



Bond Market Returns

as of December 31, 2019; local currency



Source: Bloomberg (Dec 2019)



Staying the Course



20 Years of the S&P 500

Value of \$10,000 invested from December 31, 1999 to December 31, 2019 in CAD



Source: Bloomberg (Dec 2019)



20 Years of the S&P/TSX Composite

Value of \$10,000 invested from December 31, 1999 to December 31, 2019 in CAD

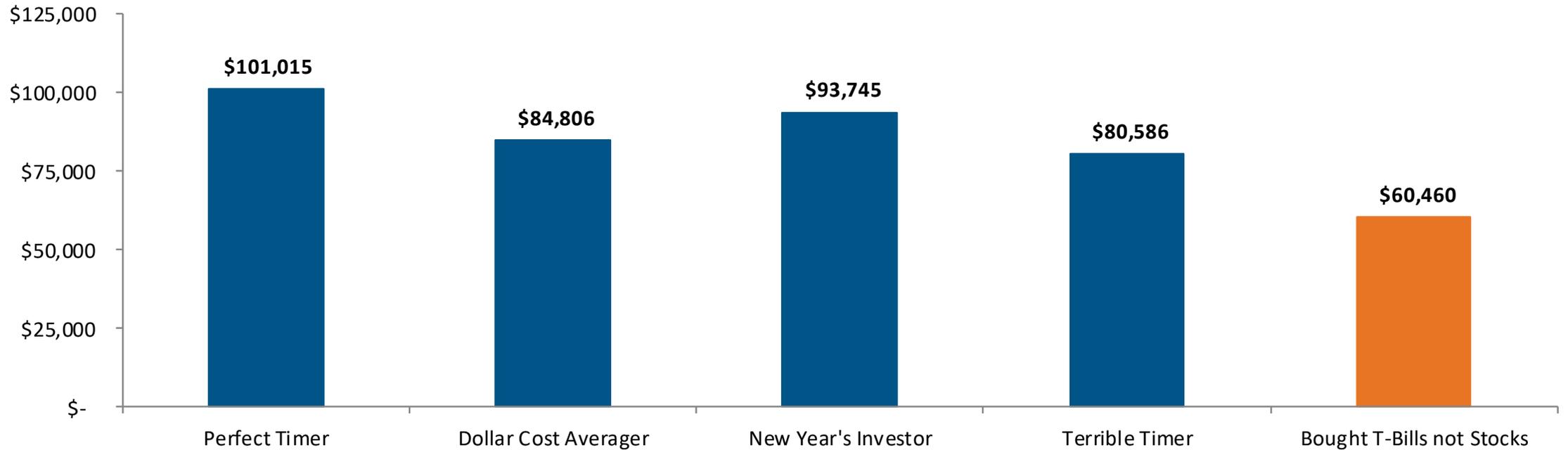


Source: Bloomberg (Dec 2019)



20 Years of the S&P/TSX Composite

Investing \$2,000/year in S&P/TSX Over 20 Years

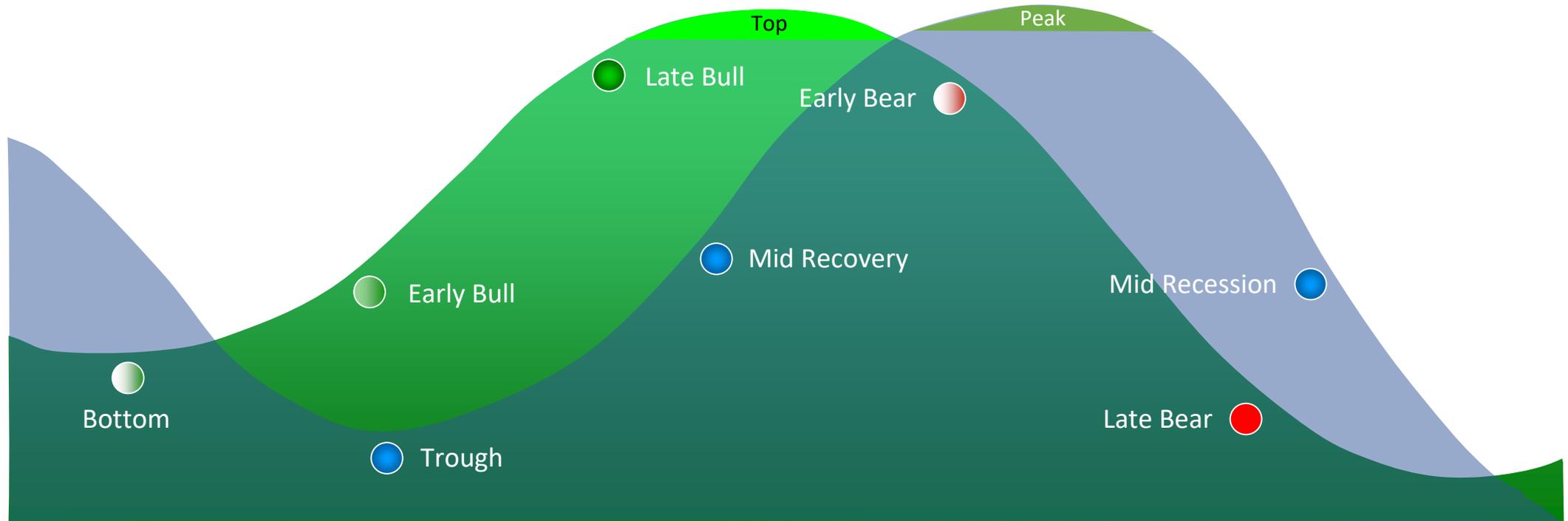


Source: Bloomberg (Dec 2019)



Always Remember... It's Only a Cycle

Market Cycle Relative to Economic Cycle, but Each has Differences



For illustrative purposes only

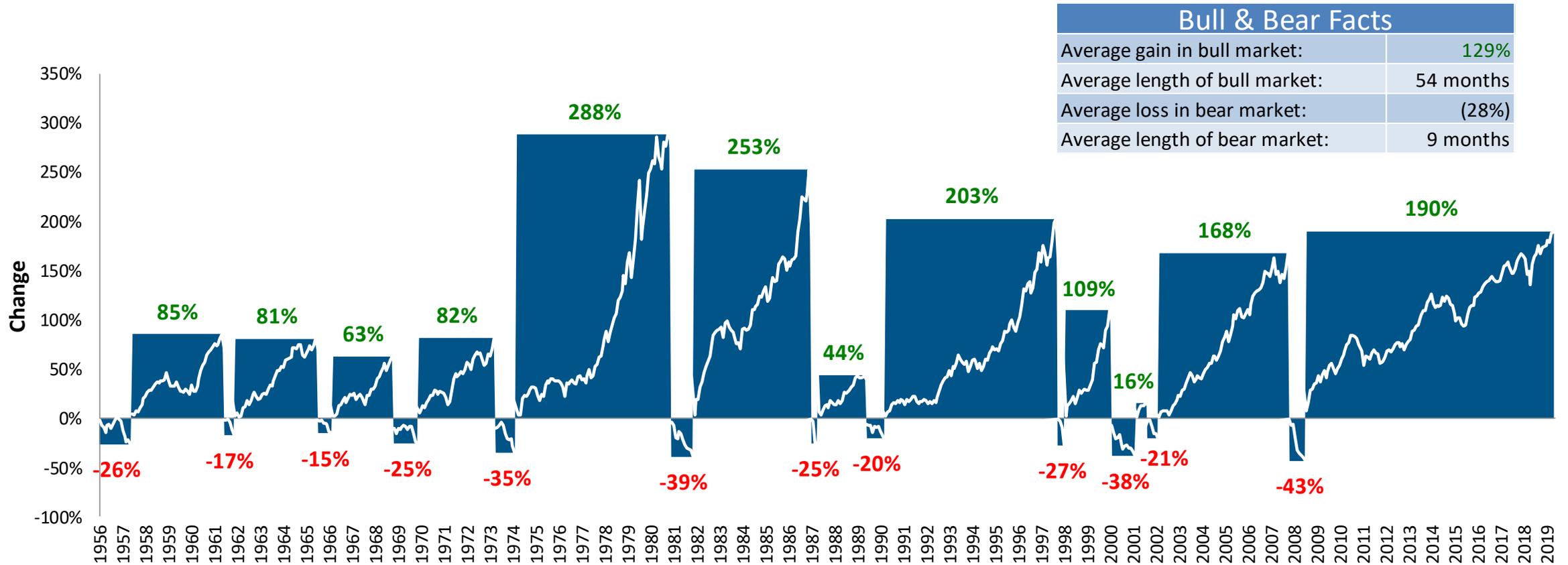


Long Term Investing



Bull & Bear Markets

S&P/TSX Composite Index to December 31, 2019



Bull & Bear Facts	
Average gain in bull market:	129%
Average length of bull market:	54 months
Average loss in bear market:	(28%)
Average length of bear market:	9 months

Source: Bloomberg (Dec 2019)

Bull & Bear Markets: S&P/TSX Composite

The Risks and Rewards of Investing:

- This chart represents the bull and bear markets in the S&P/TSX Composite Total Return since 1956. All bars above the line are bull markets; all bars below are bear markets.
- For the purposes of this illustration, a bull (bear) market is defined as a positive (negative) move greater than 15% that lasts at least 3 months.

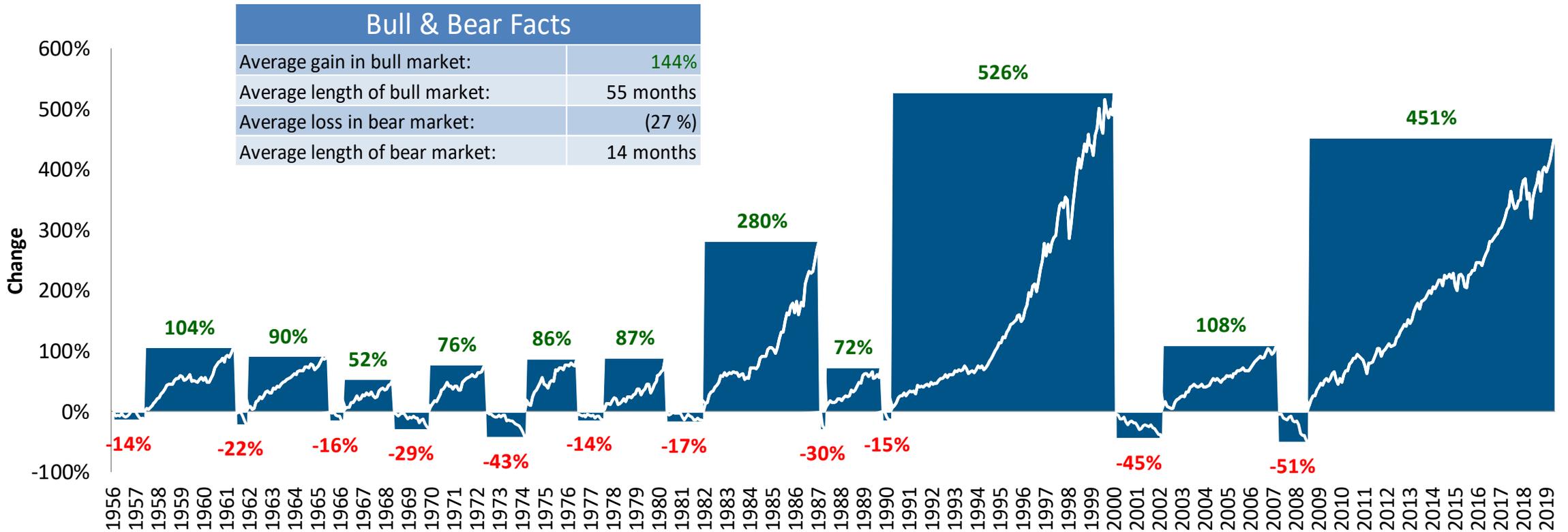
Investor Behaviour:

- According to the chart, markets spend more time in positive territory (bull) than negative (bear).
- Bull markets are, on average, longer and more intense, providing a more significant percentage change.
- On average bear markets are more brief, and yet engender fear. It is during these periods that there are significant investment 'bargains' to be found.
- Investor discipline during bear markets is critical.



Bull & Bear Markets

S&P 500 Index to December 31, 2019



Source: Bloomberg (Dec 2019)

Bull & Bear Markets: S&P 500

The Risks and Rewards of Investing:

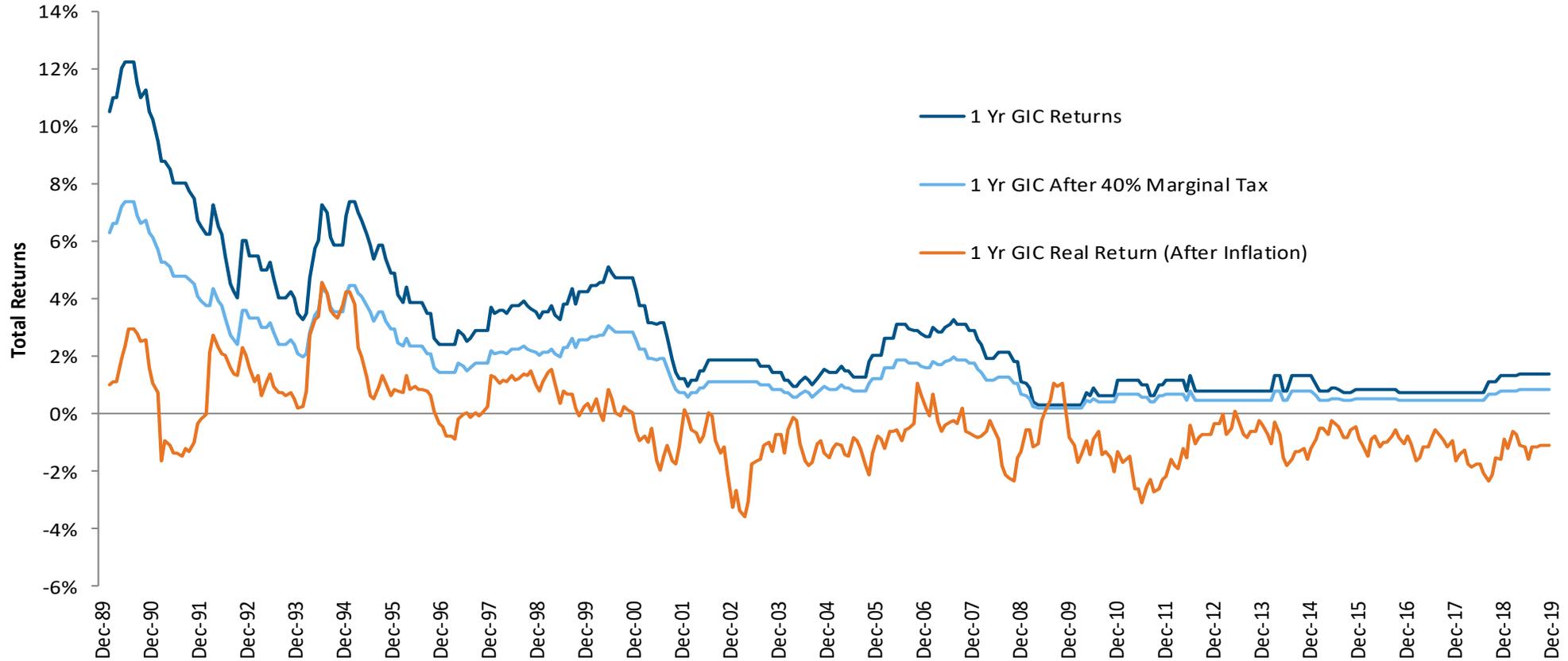
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Real Return of a GIC



Source: Bloomberg (Dec 2019)



Disclaimer

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- The rate of returns shown is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of returns on investment."