

Downside Protection

2014 AGF INVESTOR PERSPECTIVES SURVEY

Nearly half of respondents (46%) believe their investment portfolios have completely recovered from the setback of the global financial crisis. It is interesting to note however, that only 26% can correctly state what was actually needed in return to make up for any financial setback they may have experienced.

SETBACK KNOWLEDGE AND REACTION

- > On average, Canadians believe they lost between 10% and 50% of their investment portfolio due to the market slide of 2008; however, one in five (19%) are unable to identify how much they lost.
- > The degree of setback and awareness of this setback varied across Canada, with approximately 20% of respondents saying they did not know what setback their investments experienced at all.

- > Despite knowing a significant portion of their portfolio was lost during the downturn, half of Canadians (51%) did not make any changes to their investment strategy in reaction to the market decline and decided instead to “wait it out.”

Investors stated that their portfolio, on average, returned 6% in 2013, even though most global equity markets experienced double-digit returns. Amongst Canadians with higher investable assets and knowledge, the stated average annual rate of return is the highest, making a case that education, involvement, diversification and the advice of a financial advisor can make a difference.

These findings underscore the risk that Canadians are underestimating the impact that market setbacks can have on their portfolio and the importance of downside protection.

How Canadians believe their portfolios fared in 2008



Recovering from an extreme decline in portfolio value can take time



*Sources: AGF Investments