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FINANCIAL GROUP

Taking advantage of market volatility with dollar-cost averaging

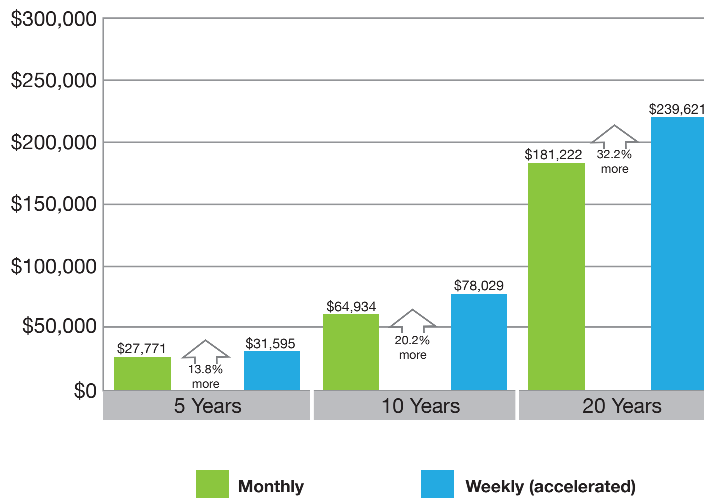
Dollar-cost averaging is a core investment principle and one of the simplest, most effective ways to bring discipline to your investment plan. By making regular investments in the market, you don't need to think about timing your investment.

If you refrain from investing during periods of market volatility or try to time your investments to catch market upswings, you may miss market growth opportunities.

Investing gradually can help reduce risk by averaging out your unit price and ensures that you've invested so you can participate when markets rally. For long-term investors, this strategy removes much of the emotion from investing and lets market volatility work for you.

Take a look at the simple illustration below to get an idea how this works:

Contribute weekly, and each year automatically increase the amount to save more.



For illustration purposes only. Policy value is hypothetical only and not indicative of future performance.

NOTE: Monthly pre-authorized chequing (PAC) contributions are $400. Weekly PAC contributions are $100 and increase by 2.5 per cent yearly. Assumes a six per cent rate of return compounded annually.

This article is for information purposes only and shouldn't be construed as legal or tax advice.

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