Manulife Investment Management

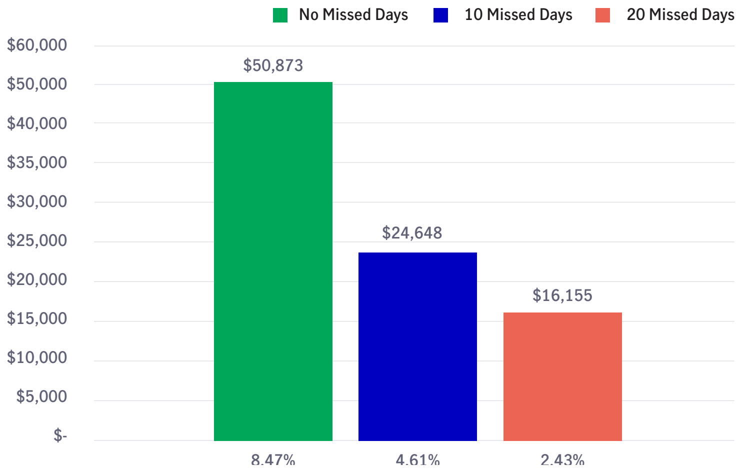
Dollar-cost averaging

How market volatility can work to your advantage.

When markets fall, your immediate thought might be to sell. What you don't realize is that if you try to time the market, it could cost you more to leave than to stay invested.
If you try to predict the market, you might miss out on the best days.

When markets recover, it often happens suddenly and leaves little time for investors to react. In this example, you can see that if John tried to time the market and missed out on the 10 best days in the process, he could have missed out on half of the returns he could have earned if he had stayed invested the whole time. His actions potentially cost him over $20,000 in returns!

Growth of $10,000 in S&P/TSX Composite Total Return Index* from January 1, 2003 to December 31, 2022



*Hypothetical example of illustrative purposes only.

There's another way to deal with market fluctuations: Dollar-cost averaging (DCA).

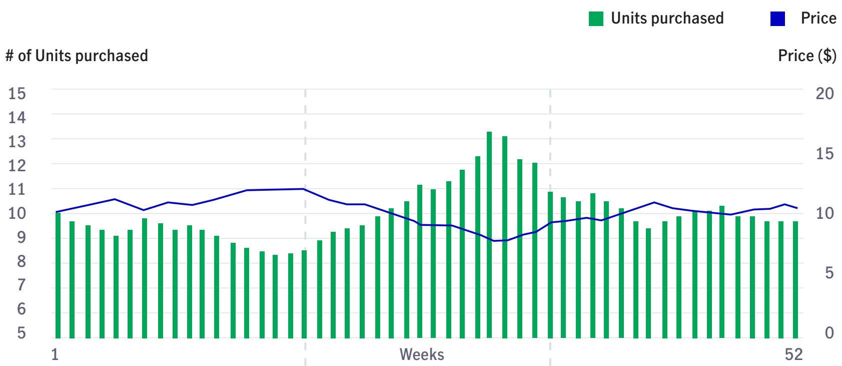
DCA doesn't tell you what investment to buy (that's between you and your advisor), but it does away with the problem of figuring out when to buy.
With DCA, you spread out your purchase in equal installments over a pre-determined period of time.

So, let's say you purchase $100 worth of units of the same investment every week. With fluctuations in the marketplace, sometimes the cost per unit will be higher, and sometimes it will be lower. When the price is lower, you end up buying more units than when the price is higher.

The Manufacturers Life Insurance Company

Over time, it works out that you buy more units when the price is low and you may end up with more units in total than you would if you tried to figure out when the market was going to provide you with the best outcome.

DCA at work



Rising market
Units purchased: 159.75
Average price: $10.85

Reduce the effects of market risk by buying less units at higher prices.

Rising market
Units purchased: 189.15
Average price: $9.17

Reduce the effects of market risk by buying more units at lower prices.

Rising market
Units purchased: 174.47
Average price: $9.93

As the market fluctuates, you purchase more units at lower prices and less units at higher prices.

For illustration purposes only.

How can DCA help you?

Provide a disciplined approach — DCA helps ensure that you don't try to "time" the market and you continue to invest even when markets are down (with opportunities to invest at lower prices).

Take advantage of volatility — Regular contributions means not worrying about investing at a "high" point in the market or missing an opportunity to invest at low prices. As a result, you may receive, over time, a more average investment price.

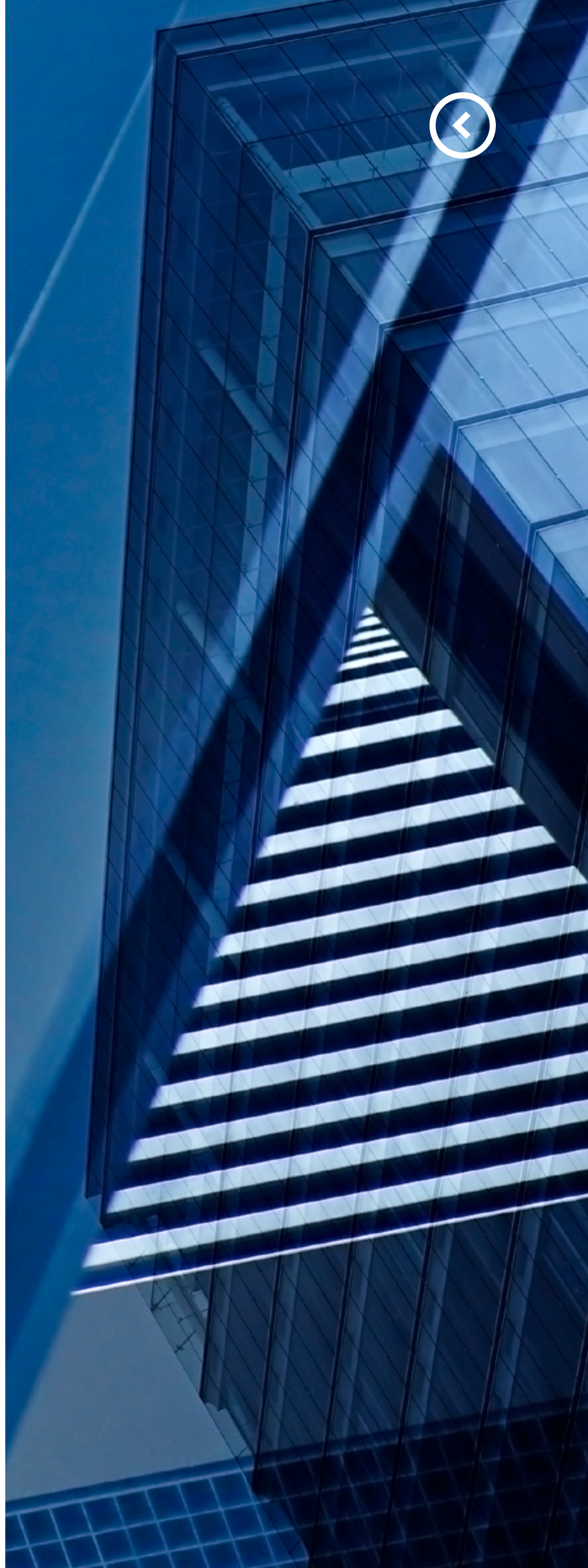
Is DCA right for you?

- If you're looking for an investment strategy that will help provide more consistent returns over the long run
- If you want to ease into the markets with less worry about market ups and downs.

By staying invested, you won't miss the best days that make up some of the market growth. Strong performance occurs on a handful of single days over a longer period. There's no way to predict these strong days. Also, using the DCA approach, it may help smooth out market fluctuations. Over time, it can help lower the average price per unit purchased and provide the potential for higher capital appreciation.

How does DCA work?

For information on Manulife's DCA products, **visit this page.**



*Source: Morningstar Direct, December 31, 2022. For illustration purposes only. Average 1yr return calculated by annualizing the average daily return assuming 280 trading days in a year. May not exactly match actual annualized returns due to calculation methodology. Past performance is not indicative of future performance. Index: S&P/TSX Composite Total Return Index. The index is unmanaged and cannot be purchased directly by investors. The rate of return shown is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the investment fund or returns on investment in the investment fund. © 2022 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar not its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

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