



Cumberland Private Wealth Management Inc.

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The truth about bull markets.

A bull market is a great time to lose money.

Over the course of history, bull markets have far outlasted bear markets. But there are many dynamics at play within a bull market. Here's how they evolve from beginning to end, and why making money is not always a sure thing.

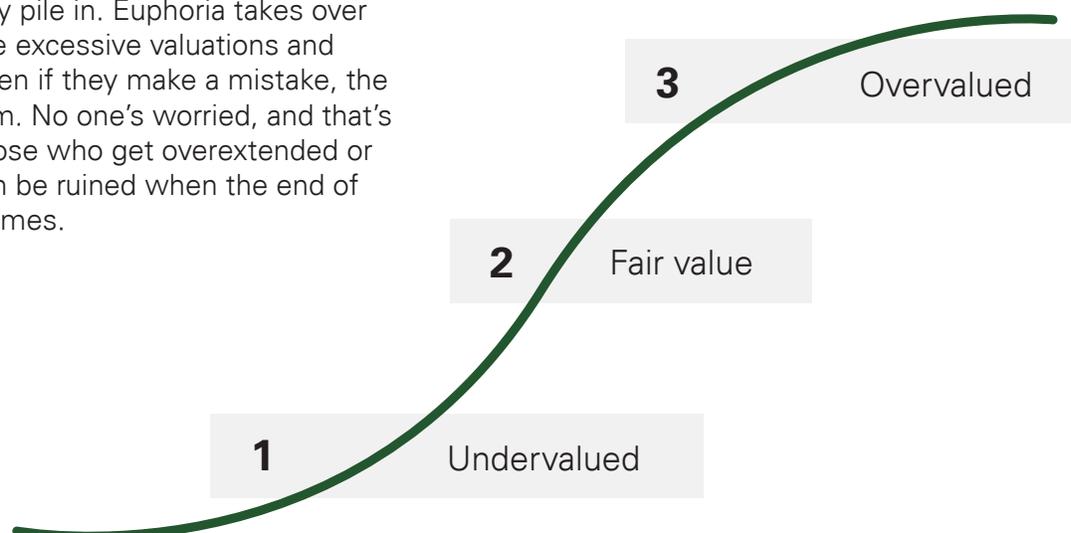
There are generally three phases to a bull market: stocks start out undervalued in the first phase, reach fair value in the second phase, and become overvalued in the third and final stage. The driver behind these phases is changing investor sentiment and behaviour.

1. In the first phase of a bull market, investors are often still shaken from previous losses. Stocks are undervalued and those with the courage to invest can usually buy great businesses at deep discounts. In fact, there's never a better time to invest—you are practically guaranteed to make money just by being in the market.

2. In the second phase, many investors have regained their confidence, but it's no longer as easy to make money. Stocks are fairly valued and, on any given day, some will go up and some will go down. Investment skill separates the winners from the losers as it is now critical to invest in the right industry groups and individual stocks.

3. In the third phase, everyone is convinced that the stock market is an easy place to make money, and they pile in. Euphoria takes over as investors rationalize excessive valuations and feel confident that, even if they make a mistake, the market will repair them. No one's worried, and that's what's worrisome. Those who get overextended or take too much risk can be ruined when the end of the cycle inevitably comes.

Phases of a Bull Market





Our view today.

We're in the final phase of a long-term bull market. At a time like this, you need the skills to select the most promising investments, and to separate the companies and industries that will succeed in the coming years from those that will struggle. Experience plays a key role in identifying greedy speculation while avoiding being a fearful naysayer as the cycle changes.

At Cumberland Private Wealth, we have remained true to our investing principles and, for over two decades now, we have responded well to the changing markets and economies.

If you are an investor with a portfolio of \$1 million or more, we invite you to meet our senior team and learn how we have helped our clients beat the market since 2000.

*Cumberland Private Wealth refers to Cumberland Private Wealth Management Inc. & Cumberland Investment Counsel Inc.

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