Diversify your portfolio

It's important to spread your investments across different asset classes

One of the easiest ways you can manage risk to help reach your investment goals is to take advantage of diversification opportunities through exposure to different asset classes, geographical markets and industries.

Financial markets around the world do not always move in concert with one another. And at various points in the market cycle, different types of investments or asset classes – such as cash, fixed income and equities – will have varying performance. Performance varies because asset classes in different regions can respond differently to economic and market-based influences, including inflation, the outlook for corporate earnings and the direction of interest rates.

A strong case for diversifying your investment portfolio

All performance is in C$.
Source: RBC Global Asset Management Inc. as of December 31, 2018.
Balanced Portfolio represented by 45% Fixed Income (includes 2% Cash), 19% Canadian Equities, 20% U.S. Equities, 12% International Equities and 4% Emerging Markets.

Diversifying your investments is one of the best ways to protect and grow your assets.
**Diversifying fixed income is just as important**

Fixed income securities are issued by many different entities – various levels of government, domestic and global corporations – and can vary widely in terms of their risk and return characteristics. No single fixed income category has led performance all of the time, so it’s important to include a broad cross-section of securities in your portfolio.

By holding a combination of fixed income investments in your portfolio, you can prepare for the risks and take advantage of the opportunities that exist across global markets.

No single fixed income type leads the market every year

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
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<tbody>
<tr>
<td>Global Bonds</td>
<td>9.4%</td>
<td>4.2%</td>
<td>14.3%</td>
<td>9.5%</td>
<td>1.9%</td>
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<tr>
<td>CDN Bonds</td>
<td>8.8%</td>
<td>3.5%</td>
<td>9.7%</td>
<td>6.4%</td>
<td>1.9%</td>
</tr>
<tr>
<td>GBL Corp Bonds</td>
<td>8.7%</td>
<td>2.6%</td>
<td>5.8%</td>
<td>5.7%</td>
<td>1.4%</td>
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<tr>
<td>EM Bonds</td>
<td>8.1%</td>
<td>1.9%</td>
<td>3.5%</td>
<td>2.5%</td>
<td>1.3%</td>
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<tr>
<td>Conv Bonds</td>
<td>6.6%</td>
<td>1.3%</td>
<td>1.7%</td>
<td>2.5%</td>
<td>1.3%</td>
</tr>
<tr>
<td>US HY Bonds</td>
<td>4.3%</td>
<td>0.6%</td>
<td>1.8%</td>
<td>0.6%</td>
<td>2.9%</td>
</tr>
<tr>
<td>CDN ST Bonds</td>
<td>3.1%</td>
<td>0.4%</td>
<td>1.9%</td>
<td>0.4%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Cash</td>
<td>0.9%</td>
<td>2.7%</td>
<td>0.5%</td>
<td>0.1%</td>
<td>5.1%</td>
</tr>
</tbody>
</table>

All performance is in C$. *C$ Hedged.
Source: RBC Global Asset Management Inc. as of December 31, 2018.

Diversifying your portfolio is one of the five principles of successful investing. Speak with your advisor today about how you can put these investment principles into practice to meet your long-term financial goals.

1. **Invest early**
2. **Invest regularly**
3. **Invest enough**
4. **Diversify your portfolio**
5. **Have a plan**

An investment cannot be made directly into an index. The above does not reflect transaction costs, investment management fees or taxes. If such costs and fees were reflected, returns would be lower. Past performance is not a guarantee of future results.

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