

Principles of successful investing

- 1 Invest early
- 2 Invest regularly
- 3 Invest enough
- 4 Have a plan
- 5 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 step with one another. 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

| 2018 | 2019 | 2020 | 2021 | 2022 |
|-----------------------------|-----------------------------|-----------------------------|-----------------------------|------------------------------|
| US Equities 3.8% | US Equities 25.1% | EM Equities 16.6% | US Equities 27.9% | CDN Equities 9.1% |
| Global Bonds 1.9% | CDN Equities 22.9% | US Equities 16.1% | CDN Equities 25.1% | Cash 1.7% |
| CDN Bonds 1.4% | INTL Equities 16.5% | Balanced Portfolio 10.0% | Balanced Portfolio 11.2% | INTL Equities -7.8% |
| Cash 1.3% | Balanced Portfolio 15.5% | CDN Bonds 8.7% | INTL Equities 10.8% | Balanced Portfolio -10.2% |
| Balanced Portfolio -1.1% | US HY Bonds 14.0% | INTL Equities 6.4% | US HY Bonds 4.6% | US HY Bonds -11.1% |
| US HY Bonds -2.9% | EM Equities 12.9% | Global Bonds 6.0% | Cash 0.1% | CDN Bonds -11.7% |
| INTL Equities -6.0% | CDN Bonds 6.9% | CDN Equities 5.6% | Global Bonds -2.3% | US Equities -12.3% |
| EM Equities -6.9% | Global Bonds 6.8% | US HY Bonds 5.1% | CDN Bonds -2.5% | Global Bonds -13.2% |
| CDN Equities -8.9% | Cash 1.7% | Cash 0.6% | EM Equities -3.1% | EM Equities -13.9% |

| Cash | Fixed income | | | Equities | | | | Balanced Portfolio |
|--------------------------------|---|---------------------------------|--|-------------------------|---------------|------------------------|-----------------------------|-------------------------------|
| | Global Bonds | Canadian Bonds | U.S. High-Yield Bonds | Canadian Equities | U.S. Equities | International Equities | Emerging Market Equities | |
| FTSE Canada 30 Day TBill Index | FTSE World Government Bond Index (CAD Hedged) | FTSE Canada Universe Bond Index | ICE BofA US High-Yield BB-B Index (CAD Hedged) | S&P/TSX Composite Index | S&P 500 Index | MSCI EAFE Index | MSCI Emerging Markets Index | 60% Equity / 40% Fixed Income |

All returns are total returns in Canadian dollars, unless otherwise noted.

Source: RBC Global Asset Management Inc. as of December 31, 2022. Balanced Portfolio represented by 2% Cash, 38% Fixed Income (Canadian Bonds), 15% Canadian Equities, 25% U.S. Equities, 15% International Equities and 5% Emerging Market Equities.

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

| 2018 | 2019 | 2020 | 2021 | 2022 |
|-------------------------|-------------------------|------------------------|-------------------------|--------------------------|
| Global Bonds 1.9% | US HY Bonds 14.0% | Conv Bonds 22.5% | US HY Bonds 4.6% | Cash 0.6% |
| CDN ST Bonds 1.9% | EM Bonds 13.9% | CDN Bonds 8.7% | Cash 0.1% | CDN ST Bonds -4.0% |
| CDN Bonds 1.4% | GBL Corp Bonds 11.6% | GBL Corp Bonds 7.5% | GBL Corp Bonds -0.8% | US HY Bonds -11.1% |
| Cash 1.3% | Conv Bonds 10.9% | Global Bonds 6.0% | CDN ST Bonds -0.9% | CDN Bonds -11.7% |
| GBL Corp Bonds -1.8% | CDN Bonds 6.9% | CDN ST Bonds 5.3% | Conv Bonds -1.2% | Global Bonds -13.2% |
| US HY Bonds -2.9% | Global Bonds 6.8% | US HY Bonds 5.1% | EM Bonds -2.0% | GBL Corp Bonds -14.6% |
| Conv Bonds -3.6% | CDN ST Bonds 3.1% | EM Bonds 3.7% | Global Bonds -2.3% | Conv Bonds -16.2% |
| EM Bonds -6.1% | Cash 1.7% | Cash 0.6% | CDN Bonds -2.5% | EM Bonds -18.4% |
| CPI 2.0% | CPI 2.2% | CPI 0.7% | CPI 4.8% | CPI 6.3% |

| Cash Cash | CDN ST Bonds Canadian Short-Term Bonds | Global Bonds Global Bonds | CDN Bonds Canadian Bonds | GBL Corp Bonds Global Corporate Bonds | US HY Bonds U.S. High-Yield Bonds | EM Bonds Emerging Market Bonds | Conv Bonds Convertible Bonds | CPI Annual inflation |
|---------------------------------|---|-----------------------------------|---------------------------------|---|--------------------------------------|--|---|-------------------------|
| FTSE Canada 30 Day T-Bill Index | FTSE Canada Short Term Overall Bond Index | FTSE World Government Bond Index* | FTSE Canada Universe Bond Index | Bloomberg Barclays Global Aggregate Corporate Bond Index* | ICE BofA US High-Yield BB-B Index* | JP Morgan EMBI Global Diversified Index* | Thomson Reuters Convertible Global Focus Index* | Bank of Canada |

All returns are total returns in Canadian dollars, unless otherwise noted. *C\$ Hedged.
Source: RBC Global Asset Management Inc. as of December 31, 2022.

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.

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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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