

Principles of successful investing

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



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

2015	2016	2017	2018	2019
US Equities 20.8%	CDN Equities 21.1%	EM Equities 28.3%	US Equities 3.8%	US Equities 25.1%
INTL Equities 19.0%	US HY Bonds 14.3%	INTL Equities 16.8%	Global Bonds 1.9%	CDN Equities 22.9%
Balanced 6.5%	US Equities 8.6%	US Equities 14.1%	CDN Bonds 1.4%	INTL Equities 16.5%
CDN Bonds 3.5%	EM Equities 7.3%	CDN Equities 9.1%	Cash 1.3%	Balanced 14.8%
EM Equities 2.0%	Balanced 6.5%	Balanced 8.8%	Balanced -1.3%	US HY Bonds 14.0%
Global Bonds 1.9%	Global Bonds 3.5%	US HY Bonds 6.4%	US HY Bonds -2.9%	EM Equities 12.9%
Cash 0.6%	CDN Bonds 1.7%	CDN Bonds 2.5%	INTL Equities -6.0%	Global Bonds 6.8%
US HY Bonds -2.7%	Cash 0.5%	Global Bonds 1.8%	EM Equities -6.9%	CDN Bonds 6.8%
CDN Equities -8.3%	INTL Equities -2.5%	Cash 0.6%	CDN Equities -8.9%	Cash 1.7%

Cash	Fixed income			Equities				Balanced Portfolio
	Canadian Bonds	U.S. High-Yield Bonds	Global Bonds	Canadian Equities	U.S. Equities	International Equities	Emerging Market Equities	
FTSE Canada 30 Day TBill Index	FTSE Canada Universe Bond Index	ICE BofA US High-Yield BB-B Total Return Index	FTSE World Government Bond Total Return Index	S&P/TSX Composite Total Return Index	S&P 500 Total Return Index	MSCI EAFE Total Return Index	MSCI Emerging Markets Total Return Index	55% Equity / 45% Fixed Income

All performance is in CS.

Source: RBC Global Asset Management Inc. as of December 31, 2019. Balanced Portfolio represented by 45% Fixed Income (includes 2% Cash), 19% Canadian Equities, 20% U.S. Equities, 12% International Equities and 4% 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

2015	2016	2017	2018	2019
1.6%	1.5%	1.9%	2.0%	2.2%
Conv Bonds 4.2%	US HY Bonds 14.3%	EM Bonds 9.8%	Global Bonds 1.9%	US HY Bonds 14.0%
CDN Bonds 3.5%	EM Bonds 9.7%	US HY Bonds 6.4%	CDN ST Bonds 1.9%	EM Bonds 13.9%
CDN ST Bonds 2.6%	GBL Corp Bonds 5.9%	Conv Bonds 5.7%	CDN Bonds 1.4%	GBL Corp Bonds 11.6%
Global Bonds 1.9%	Global Bonds 3.5%	GBL Corp Bonds 5.2%	Cash 1.3%	Conv Bonds 10.9%
EM Bonds 1.3%	CDN Bonds 1.7%	CDN Bonds 2.5%	GBL Corp Bonds -1.8%	CDN Bonds 6.8%
Cash 0.6%	Conv Bonds 1.5%	Global Bonds 1.8%	US HY Bonds -2.9%	Global Bonds 6.8%
GBL Corp Bonds 0.4%	CDN ST Bonds 1.0%	Cash 0.6%	Conv Bonds -3.6%	CDN ST Bonds 3.1%
US HY Bonds -2.7%	Cash 0.5%	CDN ST Bonds 0.1%	EM Bonds -6.1%	Cash 1.7%

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

All performance is in C\$. *C\$ Hedged.
Source: RBC Global Asset Management Inc. as of December 31, 2019.

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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