



Principles of successful investing

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

Don't let your emotions influence your investment decisions

When market volatility increases, even experienced investors can become overly focused on short-term movements. This can lead to hasty decisions, chief among them attempting to time the market – and ending up investing after markets have already risen and/or redeeming investments after markets have already fallen.

The key to avoiding rushed investment decisions is to maintain perspective and focus on the long term. With a well-structured plan in place, you can confidently remain committed to a defined road map, knowing that day-to-day market fluctuations are likely to have little impact on your longer-term objectives or the investment strategy designed to get you there.

Less risk isn't always best

When markets are unstable, some investors reduce the risk in their portfolios by moving from more growth-oriented investments (e.g. equity funds) to more conservative ones (e.g. money market or fixed income funds). Over the long term, this shift can reduce a portfolio's growth potential, limiting its ability to meet your long-term goals.

Over a long period of time, losing out on just a little growth can be detrimental. The chart below shows that over 20 years, the difference between 3% and 7% annual growth of a \$50,000 portfolio is over \$100,000. There will always be events that affect markets in the short term; over the long term, however, markets have historically moved ahead.

A little more growth can have a significant impact



Hypothetical growth of \$50,000 assuming different growth rates over 20 years. Source: RBC Global Asset Management Inc.

There will always be reasons not to invest

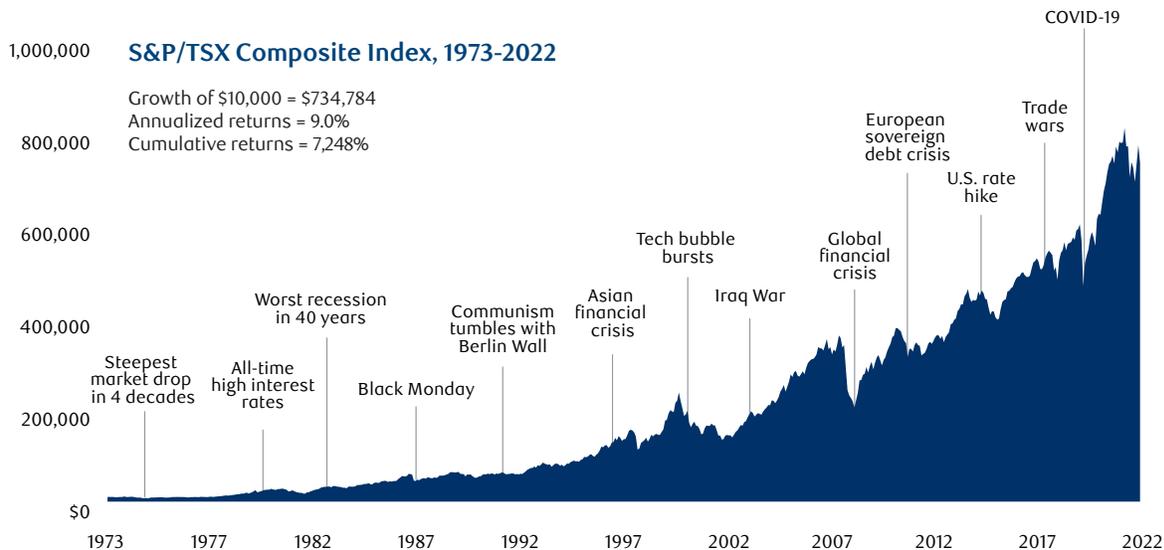


Chart illustrates the growth of \$10,000 in the S&P/TSX Composite Index (total returns) from January 1, 1973 to December 31, 2022. An investment cannot be made directly in an index. Graph does not reflect transaction costs, investment management fees or taxes. If such costs and fees were reflected, returns would be lower. Past performance is not a guarantee of future results. Source: Bloomberg, RBC Global Asset Management Inc. Values and performance are in CAD.

Having a plan can help you reach your financial goals by keeping you focused on the long term and helping you avoid short-term, emotional investment decisions.

Having a plan 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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