

## Fixed Income Diversification

A strong case for diversifying your fixed income investments



2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1.5%	1.6%	1.5%	1.9%	2.0%	2.2%	0.7%	4.8%	6.3%	3.4%
Global Bonds 9.4%	Conv Bonds 4.2%	US HY Bonds 14.3%	EM Bonds 9.8%	Global Bonds 1.9%	US HY Bonds 14.0%	Conv Bonds 22.5%	US HY Bonds 4.6%	Cash 1.7%	US HY Bonds 11.6%
CDN Bonds 8.8%	CDN Bonds 3.5%	EM Bonds 9.7%	US HY Bonds 6.4%	CDN ST Bonds 1.9%	EM Bonds 13.9%	CDN Bonds 8.7%	Cash 0.1%	CDN ST Bonds -4.0%	EM Bonds 10.0%
GBL Corp Bonds 8.6%	CDN ST Bonds 2.6%	GBL Corp Bonds 5.9%	Conv Bonds 5.7%	CDN Bonds 1.4%	GBL Corp Bonds 11.6%	GBL Corp Bonds 7.5%	GBL Corp Bonds -0.8%	US HY Bonds -11.1%	Conv Bonds 9.3%
EM Bonds 8.1%	Global Bonds 1.9%	Global Bonds 3.5%	GBL Corp Bonds 5.2%	Cash 1.3%	Conv Bonds 10.9%	Global Bonds 6.0%	CDN ST Bonds -0.9%	CDN Bonds -11.7%	GBL Corp Bonds 8.2%
Conv Bonds 5.1%	EM Bonds 1.3%	CDN Bonds 1.7%	CDN Bonds 2.5%	GBL Corp Bonds -1.8%	CDN Bonds 6.9%	CDN ST Bonds 5.3%	Conv Bonds -1.2%	Global Bonds -13.2%	CDN Bonds 6.7%
US HY Bonds 4.3%	Cash 0.6%	Conv Bonds 1.5%	Global Bonds 1.8%	US HY Bonds -2.9%	Global Bonds 6.8%	US HY Bonds 5.1%	EM Bonds -2.0%	GBL Corp Bonds -14.6%	Global Bonds 5.6%
CDN ST Bonds 3.1%	GBL Corp Bonds 0.3%	CDN ST Bonds 1.0%	Cash 0.6%	Conv Bonds -3.6%	CDN ST Bonds 3.1%	EM Bonds 3.7%	Global Bonds -2.3%	Conv Bonds -16.2%	CDN ST Bonds 5.0%
Cash 0.9%	US HY Bonds -2.7%	Cash 0.5%	CDN ST Bonds 0.1%	EM Bonds -6.1%	Cash 1.7%	Cash 0.6%	CDN Bonds -2.5%	EM Bonds -18.4%	Cash 4.8%

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

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

\*CS Hedged

It's important to understand that fixed income markets offer a wide range of investment opportunities for your portfolio, whether you need income and/or growth. Fixed income securities can be issued by many different entities, including various levels of government and corporations, both domestic and global. These instruments can vary widely in terms of their risk and return characteristics, and how they respond to changes in the level of, and outlook for, interest rates. Professional investment managers are able to combine different securities

to achieve specific objectives, like delivering a relatively high level of regular, predictable income.

As highlighted in the table on the previous page, no single fixed income category has led in performance all of the time, so it's important to include a broad cross-section of different types of securities in your portfolio.

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**Speak with your advisor for more information on fixed income diversification, including opportunities and investment solutions for your portfolio.**

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Source: RBC Global Asset Management Inc.

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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