



The power of dividends

Offering a proven strategy

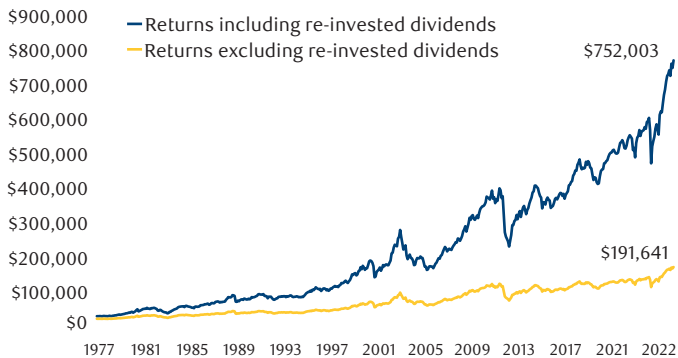
Historically, dividends have helped investors gain reliable income and growth from their investment portfolios. The boost that dividends provide can help mitigate the effects of market volatility on a portfolio, thereby helping investors feel more comfortable with their equity investments and stay invested through turbulent times. Moreover, many companies are able to grow their earnings and reward investors by increasing their dividend payouts, which can lead to share-price gains and help income investors stay ahead of inflation.

Dividends play a key role in long-term returns

Dividend-paying companies represent a significant portion of the Canadian equity market and are typically well-established, soundly managed companies with stable businesses. Dividends can also be an important part of a portfolio's total return, helping to offset losses in times of market declines, while boosting portfolio returns when markets are rising.

Dividends have consistently and significantly contributed to total returns, year after year

Growth of \$10,000 invested in S&P/TSX Composite Index



Source: Morningstar Direct: January 1977 – December 2022.
Returns including re-invested dividends = S&P/TSX Composite Total Return;
Returns excluding re-invested dividends = S&P/TSX Composite Price Appreciation.

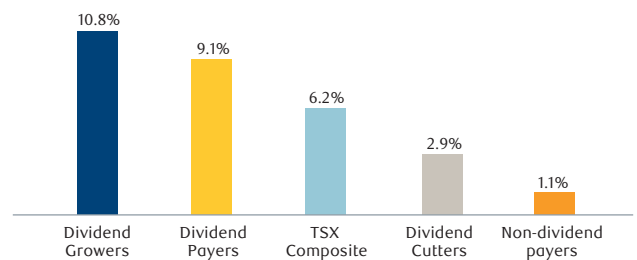
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As the charts below illustrate, the shares of companies that pay dividends during the year have historically outperformed the index.

*Dividend Growers, Payers, Cutters and Non-Payers are determined annually. Growers had a positive 12 month change in dividends paid; Payers paid dividends; Cutters had a negative 12 month change in dividends paid; Non-payers did not pay a dividend.

Dividend-paying stocks have outperformed*

Compound annual total returns (1986 - 2022)

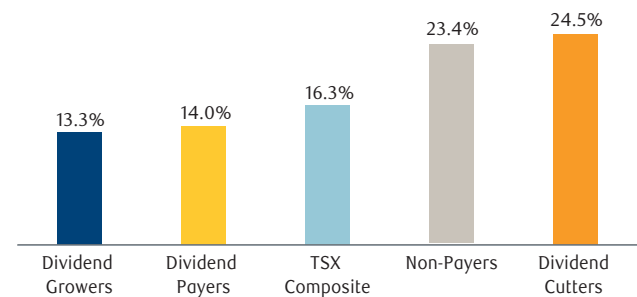


Performance from October 1986 – December 2022. Equal Weighted Equity Only Total Return Indexes. Source: RBC Capital Markets Quantitative Research, RBC GAM. An investment cannot be made directly into an index. The graph does not reflect transaction costs, investment management fees or taxes. If such costs and fees were reflected, returns would be lower. Past performance is not a guarantee of future results.

Additionally, shares of companies that pay dividends have historically shown lower volatility than those that did not in the same year.

Dividend-paying stocks have displayed lower volatility*

Annualized volatility (1986 - 2022)



Performance from October 1986 – December 2022. Equal Weighted Equity Only Total Return Indexes. Source: RBC Capital Markets Quantitative Research, RBC GAM. An investment cannot be made directly into an index. The 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. Standard deviation is a commonly used measure of risk and is applied to the annual rate of return of an investment to measure the investment's volatility. Standard deviation shows how much the return on an investment is deviating from expected normal returns. A higher standard deviation indicates a greater variability in investment performance.

Get a head start with dividends

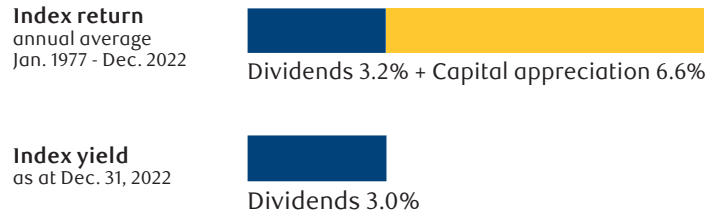
Over the past 46 years, dividends have contributed an average of 3.2% per year to the S&P/TSX Composite Total Return Index, representing approximately thirty percent of the average annual total return.

While no one knows exactly when markets will move up or down, dividend income can help deliver consistent cash flow to investors. It can also provide exposure to compelling growth opportunities that emerge amid solid corporate earnings and improving global economic growth.

Dividend paying equities can also offer a yield premium over Canadian government bonds and may offer more favourable tax treatment.

Dividends give your portfolio a head start

S&P/TSX Composite Total Return Index yields and capital appreciation



Source: RBC GAM, Bloomberg.

Talk to your advisor for more information about the role dividends can play in your portfolio.

[Explore our lineup of dividend mutual funds.](#)

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