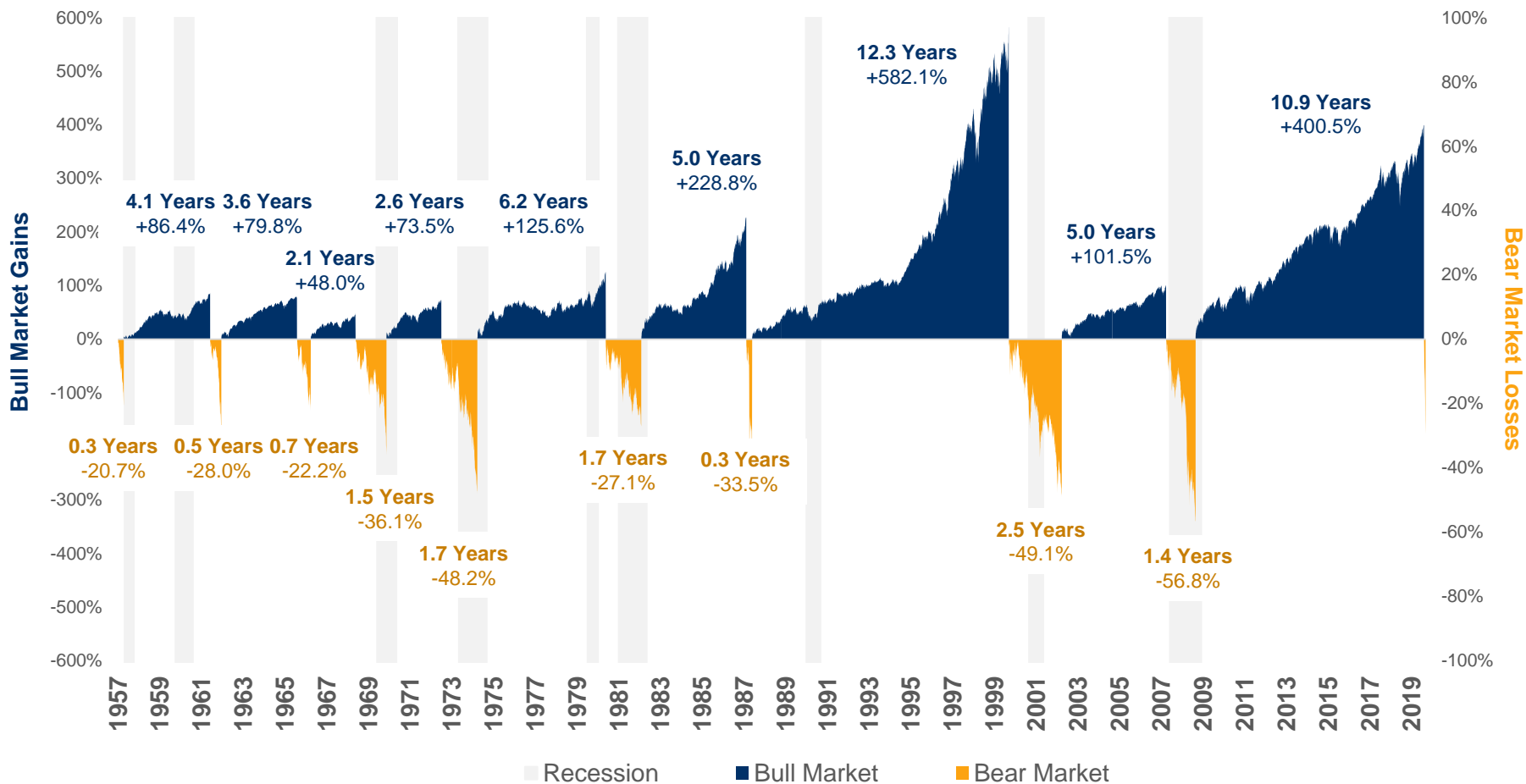


Bear markets

A look at the past to frame the future

History of U.S. bull & bear markets

1957 - 2020

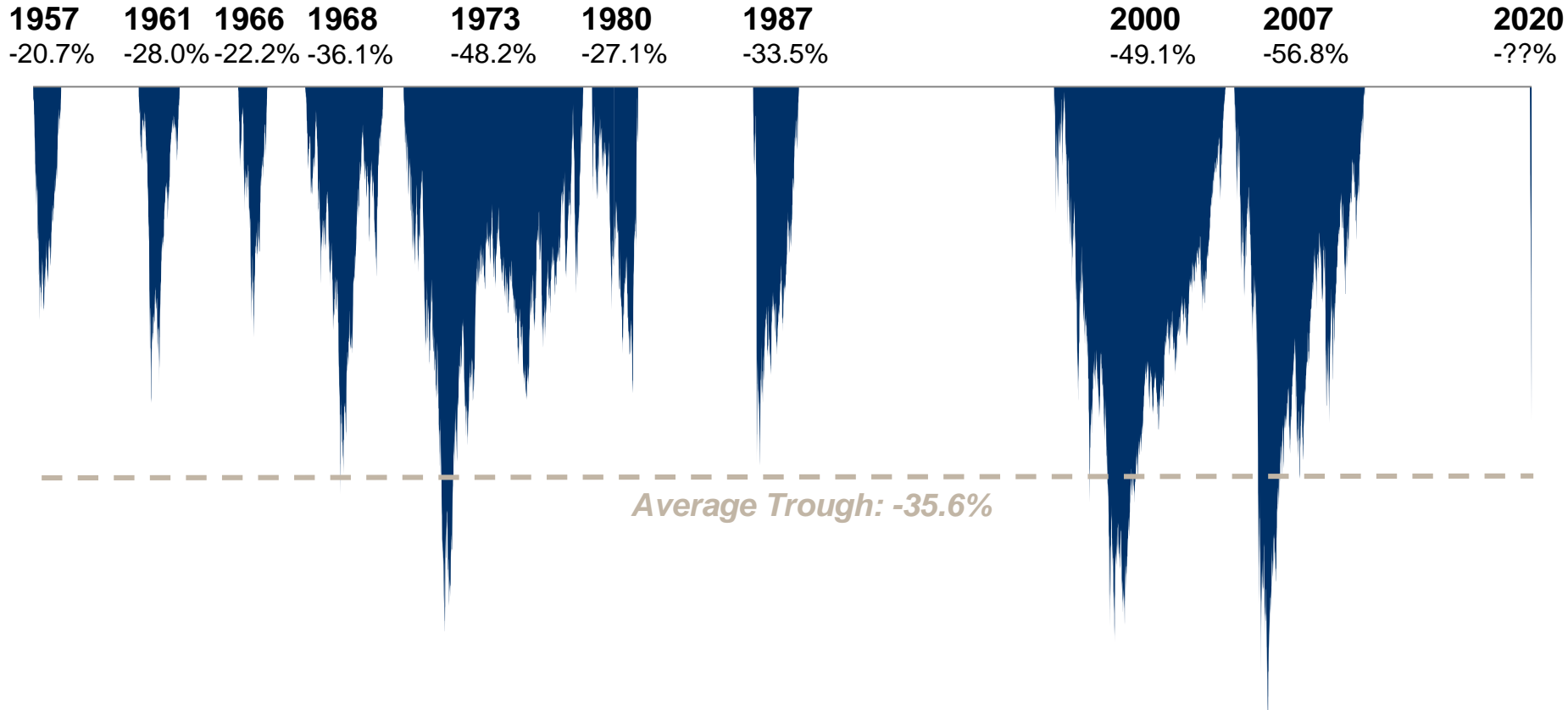


Source: RBC GAM, Bloomberg. As of March 16, 2020. An investment cannot be made directly into an index. The graph does not reflect transaction costs, investment management fees or taxes. If such costs and fees were reflected, returns would be lower. Past performance is not a guarantee of future results. Bull market starts from lowest close reached after market has fallen 20% of more. Bear market starts from when the index closes at least 20% down from its previous high.



Bear markets: more common than they appear

They occur roughly every seven years for the S&P 500



Source: RBC GAM, Bloomberg. Graph reflects the price index, return figures include dividends. As of March 16, 2020. 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.

Is -25% a good time to buy?

The average 12 month S&P 500 return is +19.4%

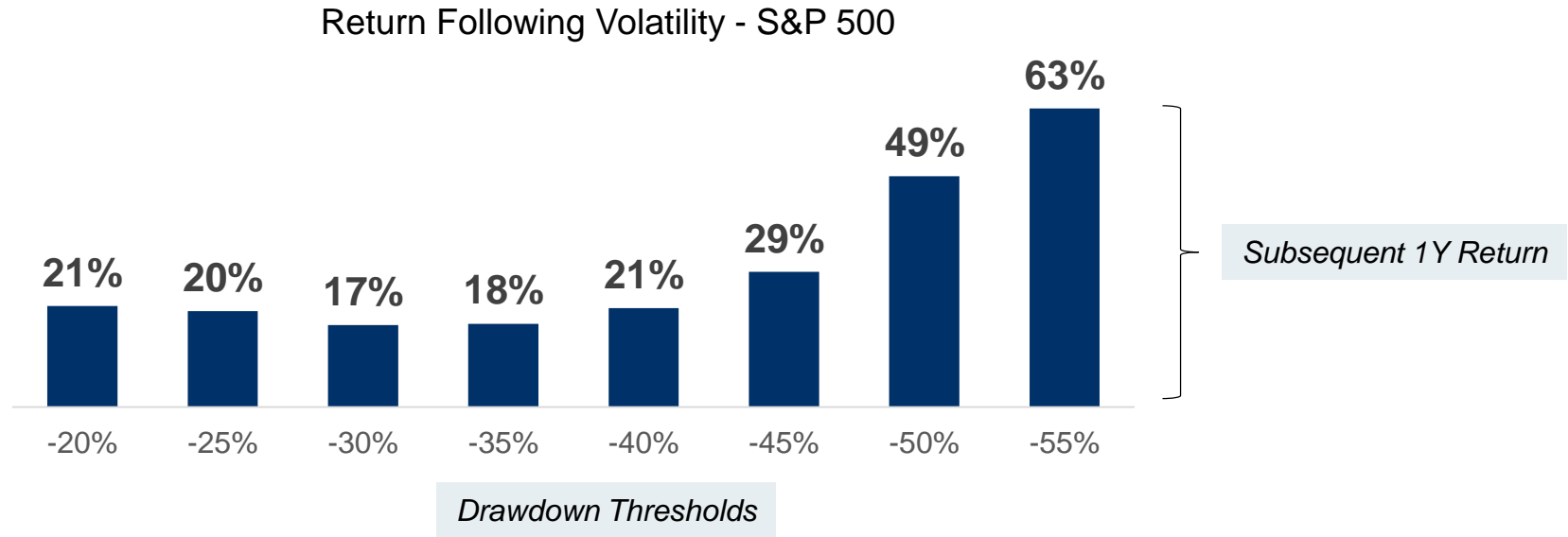
| Year | Peak Date | -25% Date | 1Y | 3Y | 5Y | 10Y |
|----------------|-----------|-----------|--------------|--------------|--------------|--------------|
| 1961 | 12/12/61 | 06/14/62 | 31.1% | 20.9% | 14.2% | 10.6% |
| 1968 | 11/29/68 | 04/28/70 | 34.8% | 15.3% | 7.3% | 7.7% |
| 1973 | 01/11/73 | 04/25/74 | 9.6% | 8.6% | 7.5% | 11.6% |
| 1980 | 11/28/80 | 08/05/82 | 44.2% | 22.2% | 27.6% | 17.8% |
| 2000 | 03/24/00 | 03/20/01 | 2.2% | 0.7% | 4.5% | 3.1% |
| 2007 | 10/09/07 | 09/17/08 | -5.3% | 4.0% | 10.5% | 12.0% |
| Average | | | 19.4% | 11.9% | 11.9% | 10.5% |
| Median | | | 20.3% | 11.9% | 9.0% | 11.1% |

- Historically, bear markets have almost always been an incredible opportunity to buy, and have rewarded investors
- Only 1 of 6 bear markets resulted in a 1-year loss (-5.3%) and this was during the worst recession since the great depression

Source: RBC GAM, Bloomberg. As of March 16, 2020. 1987 excluded as the market dropped past -25% in a single day and was therefore a deeper trough than the other samples. The average return would be higher if it was included. 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.

Will I miss out if the market drops further?

No matter when you buy, history suggests healthy returns



- Return prospects improve as the market falls, however only 44% of bear markets have fallen below -35%
- Dollar cost averaging in this environment counters both a fear of getting in too early and a fear of missing the rally

The above chart shows 1-year median returns for the S&P 500 Index following the date on which the above-indicated drawdown occurred. Source: RBC GAM, Bloomberg. As of March 16, 2020. 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.

Disclosure

This information has been provided by RBC Global Asset Management Inc. (RBC GAM) and is for informational purposes only, as of the date noted only. It is not intended to provide legal, accounting, tax, investment, financial or other advice and such information should not be relied upon for providing such advice. RBC GAM takes reasonable steps to provide up-to-date, accurate and reliable information, and believes the information to be so when provided. Past performance is no guarantee of future results. Interest rates, market conditions, tax rulings and other investment factors are subject to rapid change which may materially impact analysis that is included in this document. You should consult with your advisor before taking any action based upon the information contained in this document.

Any investment and economic outlook information contained in this report has been compiled by RBC GAM from various sources. Information obtained from third parties is believed to be reliable, but no representation or warranty, express or implied, is made by RBC GAM, its affiliates or any other person as to its accuracy, completeness or correctness. RBC GAM and its affiliates assume no responsibility for any errors or omissions.

This report may contain forward-looking statements. The words “may,” “could,” “should,” “would,” “suspect,” “outlook,” “believe,” “plan,” “anticipate,” “estimate,” “expect,” “intend,” “forecast,” “objective” and similar expressions are intended to identify forward-looking statements. Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events. The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors.

® / ™ Trademark(s) of Royal Bank of Canada. used under licence. © RBC Global Asset Management Inc. 2020