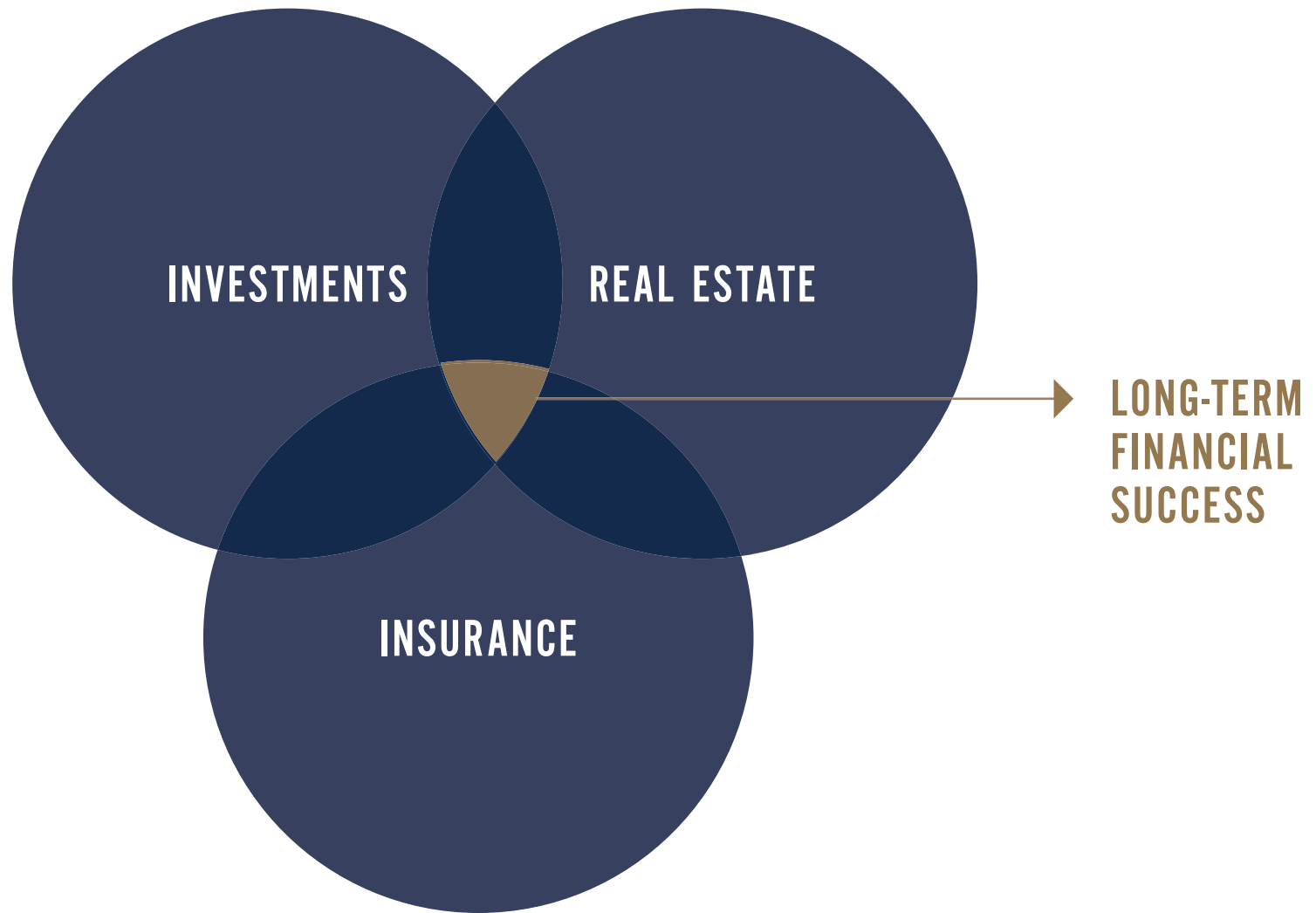
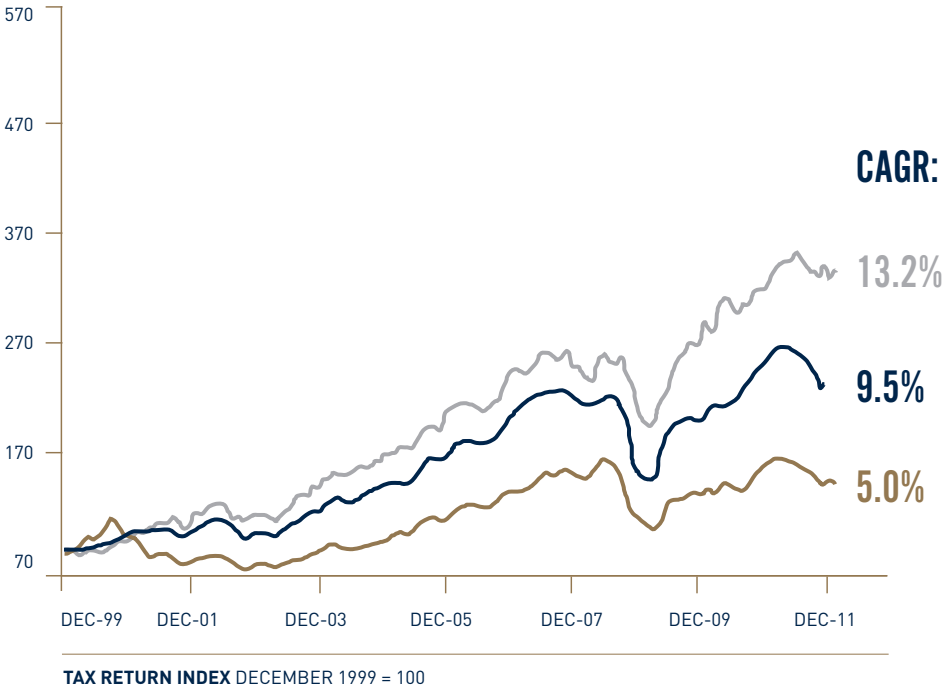


# THREE FOUNDATIONS



# HIGH YIELD AND DIVIDEND GROWTH

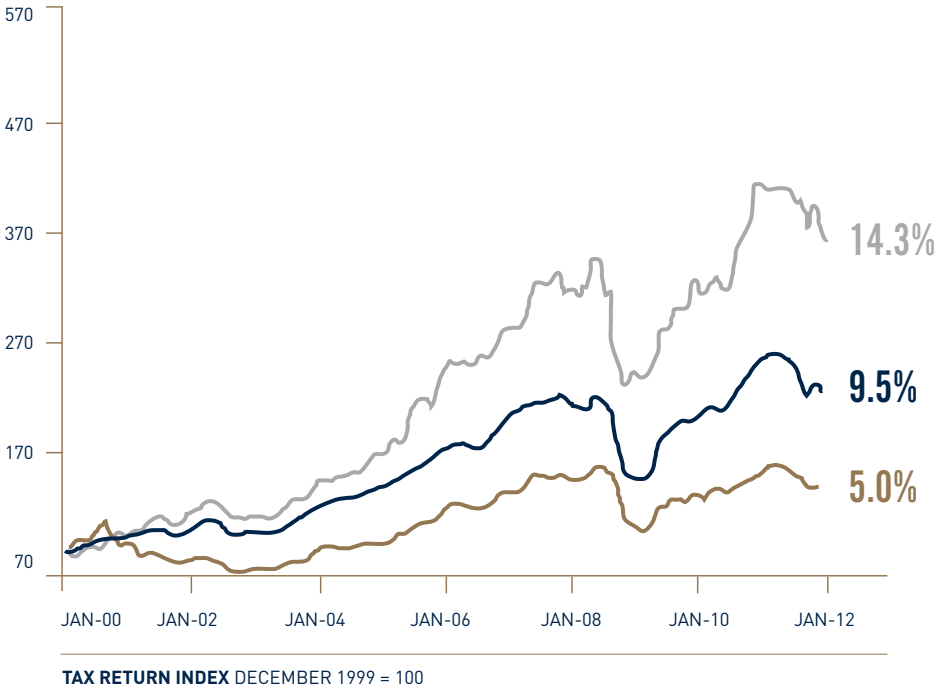
SOURCE: RBC CAPITAL MARKETS RESEARCH



TSX 60 HIGH DIVIDEND YIELD

TSX 60 EQ WGT

TSX 60 MKT WGT



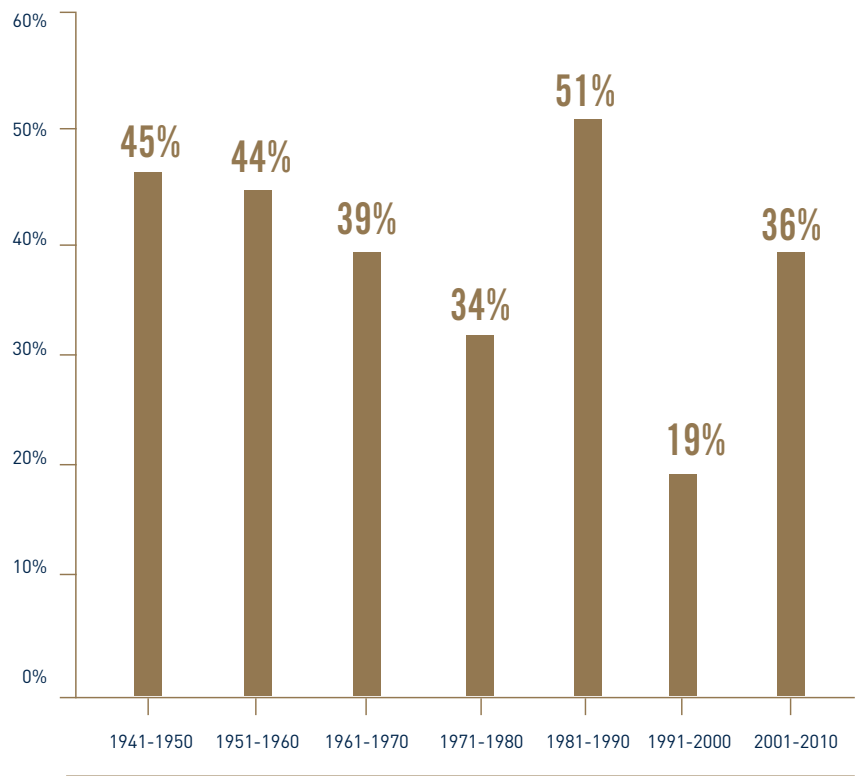
TSX 60 DIVIDEND GROWERS

TSX 60 EQ WGT

TSX 60 MKT WGT

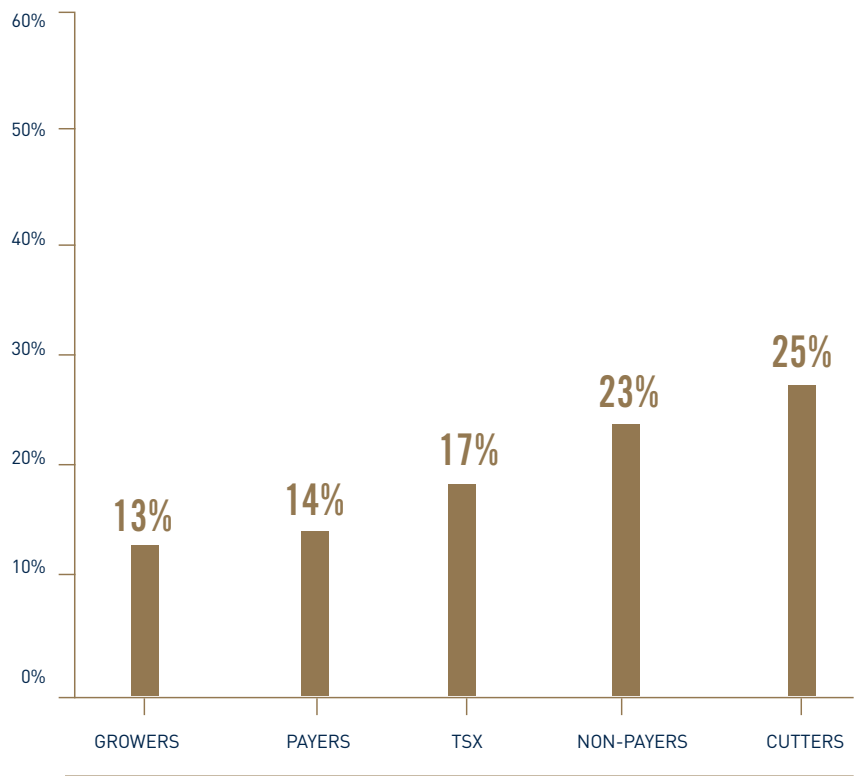
# THE MERITS OF DIVIDENDS

SOURCE: RBC CAPITAL MARKETS QUANTITTIVE RESEARCH



**DIVIDEND CONTRIBUTION TO TOTAL RETURNS: TSX**

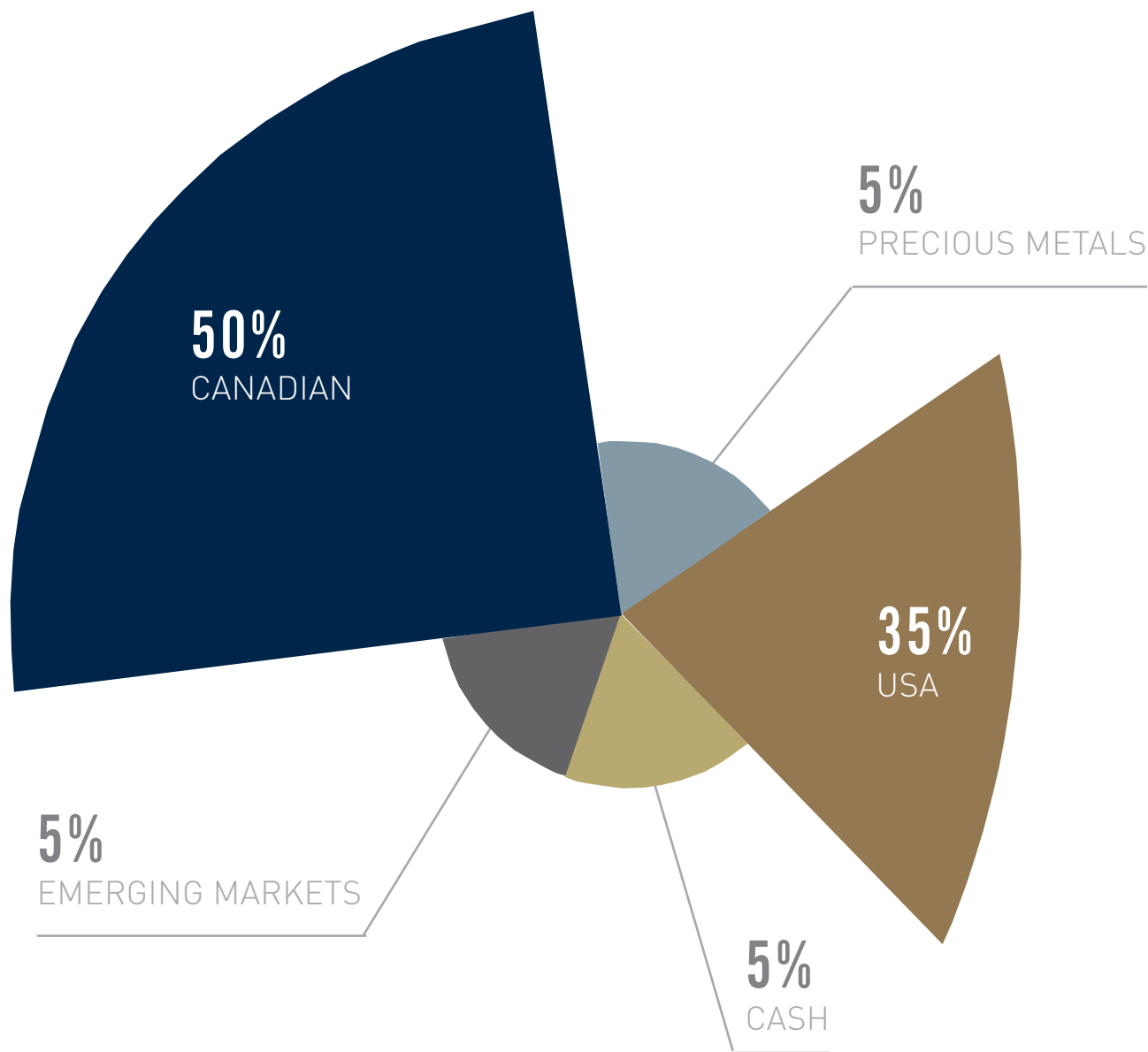
Dividends are a critical component of total equity market returns through time. Historically, long-term average dividend contribution is roughly 40% of total returns.



**ANNUALIZED VOLATILITY**

Furthermore, the dividend growth portfolio has not only outperformed the benchmark by over 500 bps per annum, but has done so with lower variability.

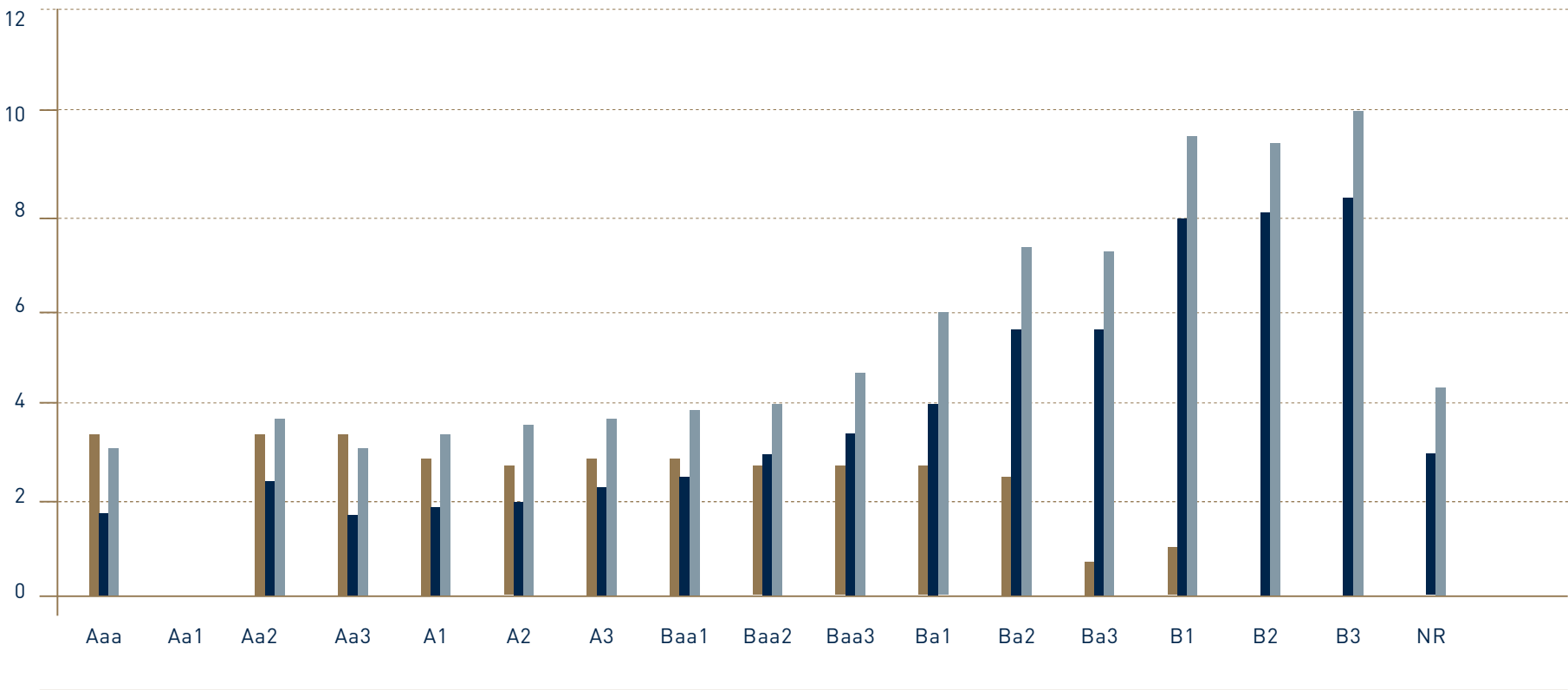
# HIGH YIELD EQUITY: ASSET ALLOCATION



# BONDS ARE GUARANTEEING CAPITAL LOSSES FOR CLIENTS

COMPANY	DIVIDENDYIELD	BOND PRICE AT DIVIDEND YIELD	REQUIRED CAPITAL LOSS
BRISTOL-MYERS	4.1%	110.2	-9.3%
UNILEVER	3.7%	110.4	-9.4%
PFIZER	3.8%	113.0	-11.5%
JNJ	3.8%	110.9	-9.8%
MERCK	4.3%	114.1	-12.4%
(AS AT APR 27)		(4 - 6 YEAR BOND)	COMPOUND ANNUAL RETURN

# MARKET PRICING IN LITTLE OR NO GROWTH



SOURCE: DEUTSCHE BANK, BLOOMBERG

 DIVIDEND YIELD

 5 YEAR BOND YIELD

 10 YEAR BOND YIELD

# IMPORTANCE OF DOWNSIDE PROTECTION

PROTECTING CAPITAL SHOULD LEAD TO BETTER COMPOUND RETURNS

STARTING \$	% DECLINE	YEAR 2 RETURN	TOTAL
\$ 100	-1%	10%	8.9%
\$ 100	-15%	20%	2%
\$ 100	-25%	33%	0%
\$ 100	-50%	100%	0%



**RBC Wealth Management**  
Dominion Securities