

RBC Dominion Securities Inc.

Market Volatility Perspectives

Canadian Investment Committee

May 2022

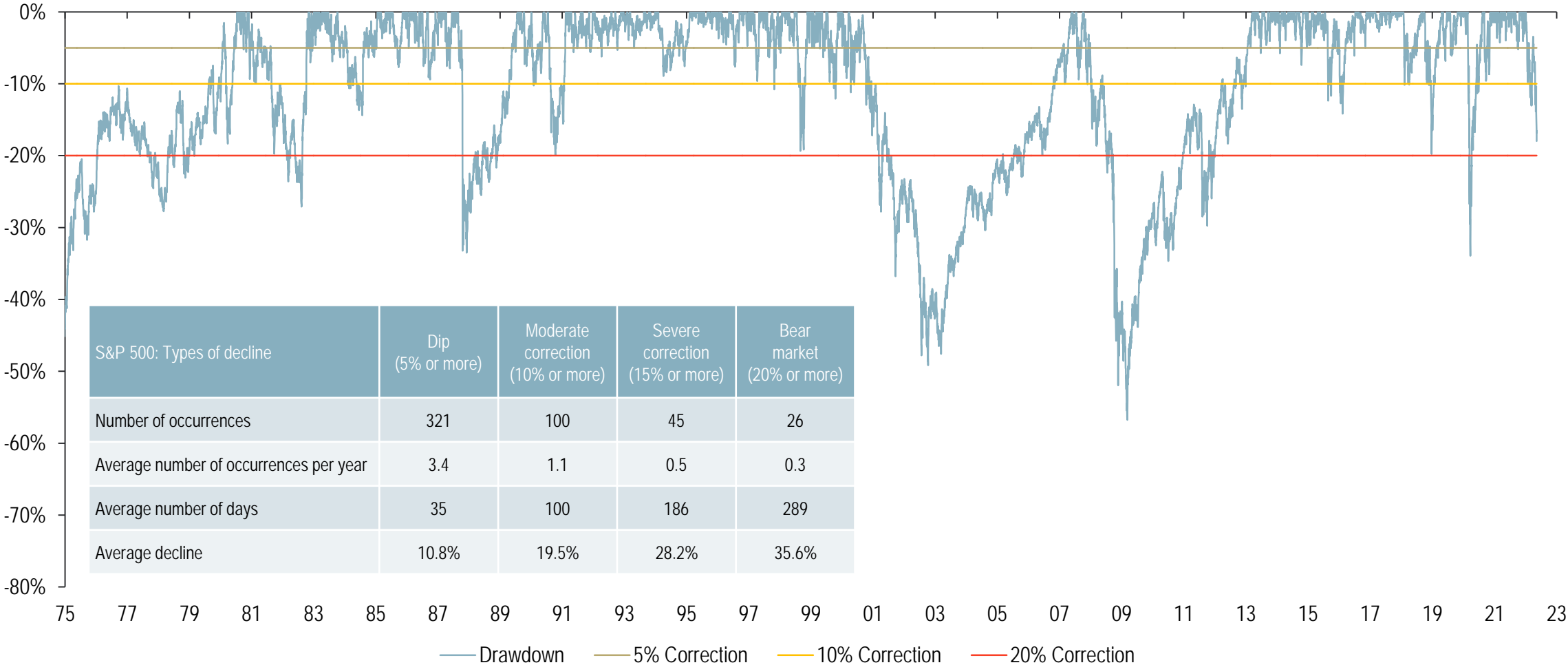
Portfolio Advisory Group

May 2022 | RBC Wealth Management | RBC Dominion Securities



Wealth Management
Dominion Securities

S&P 500: Historical drawdown since 1975

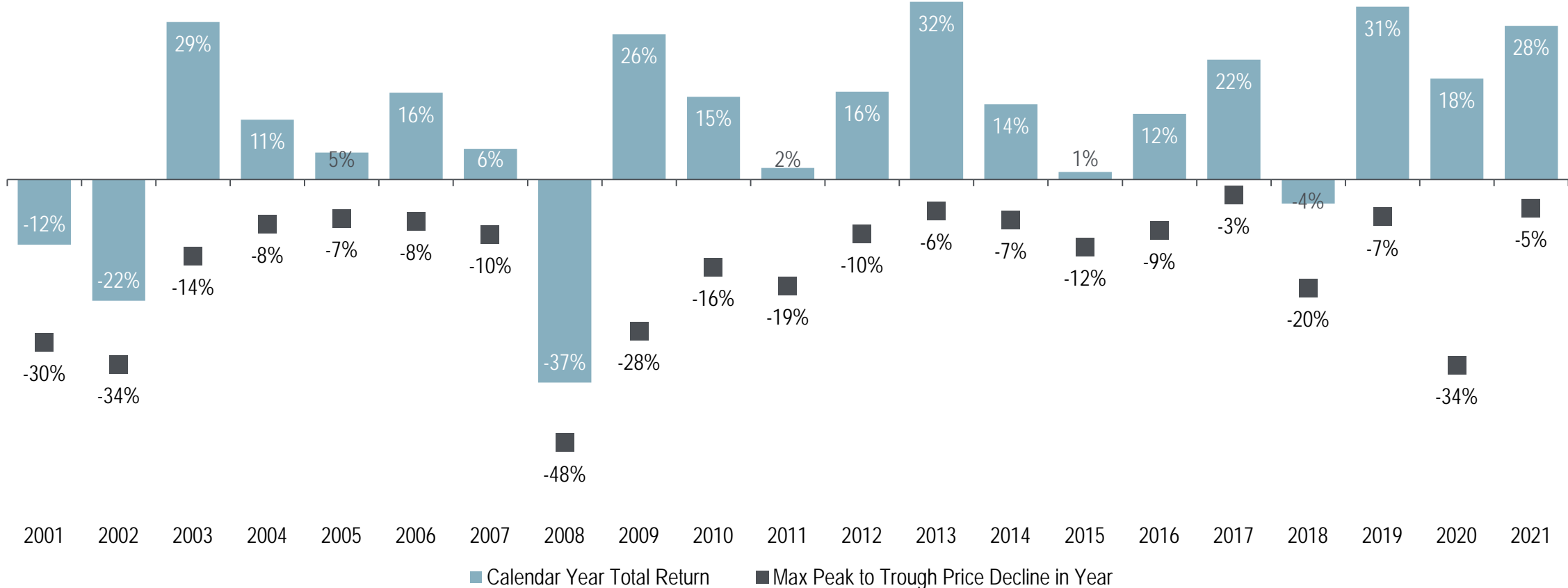


Source: RBC Wealth Management, Bloomberg, Ned Davis Research; data through 5/11/22



S&P 500: Even good years have bad days

Around 62% of years have 10% price drawdown or more since 1928

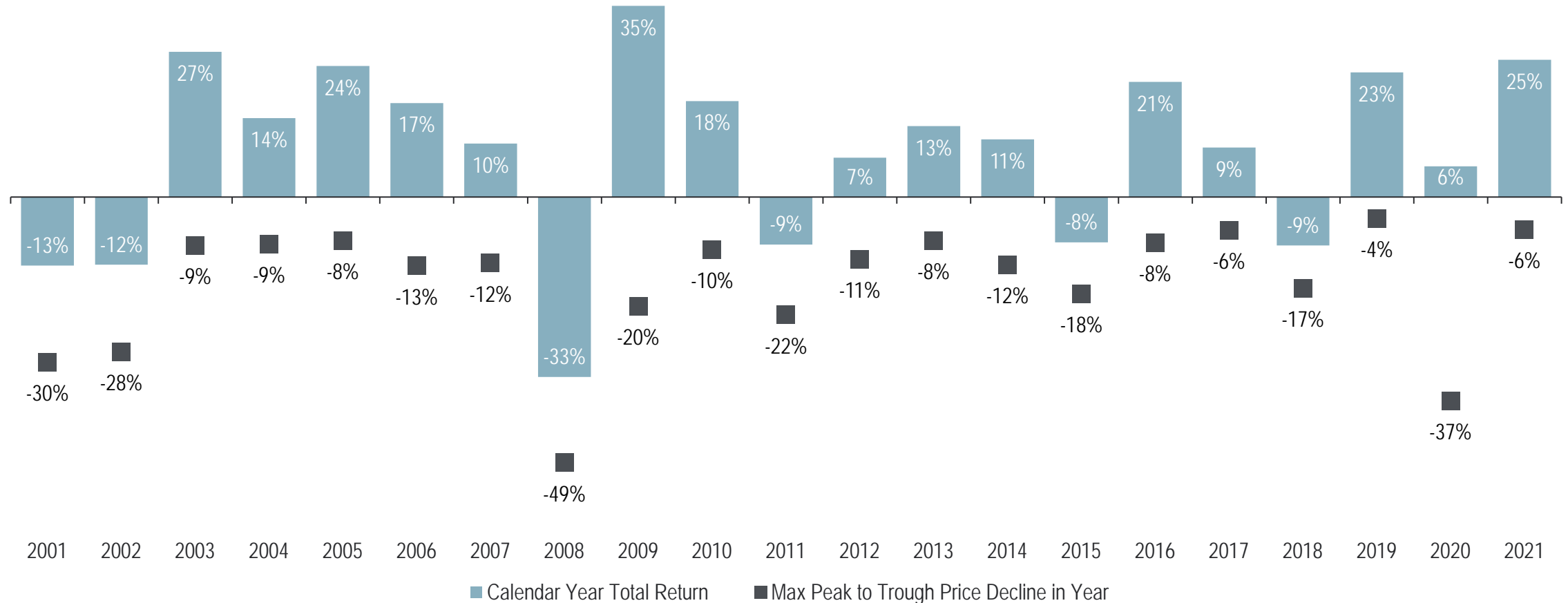


Source: RBC Wealth Management, Bloomberg; data through 12/31/21



TSX Composite: Even good years have bad stretches

Around 57% of years have 10% price drawdown or more since 1980



Source: RBC Wealth Management, Bloomberg; data through 12/31/21



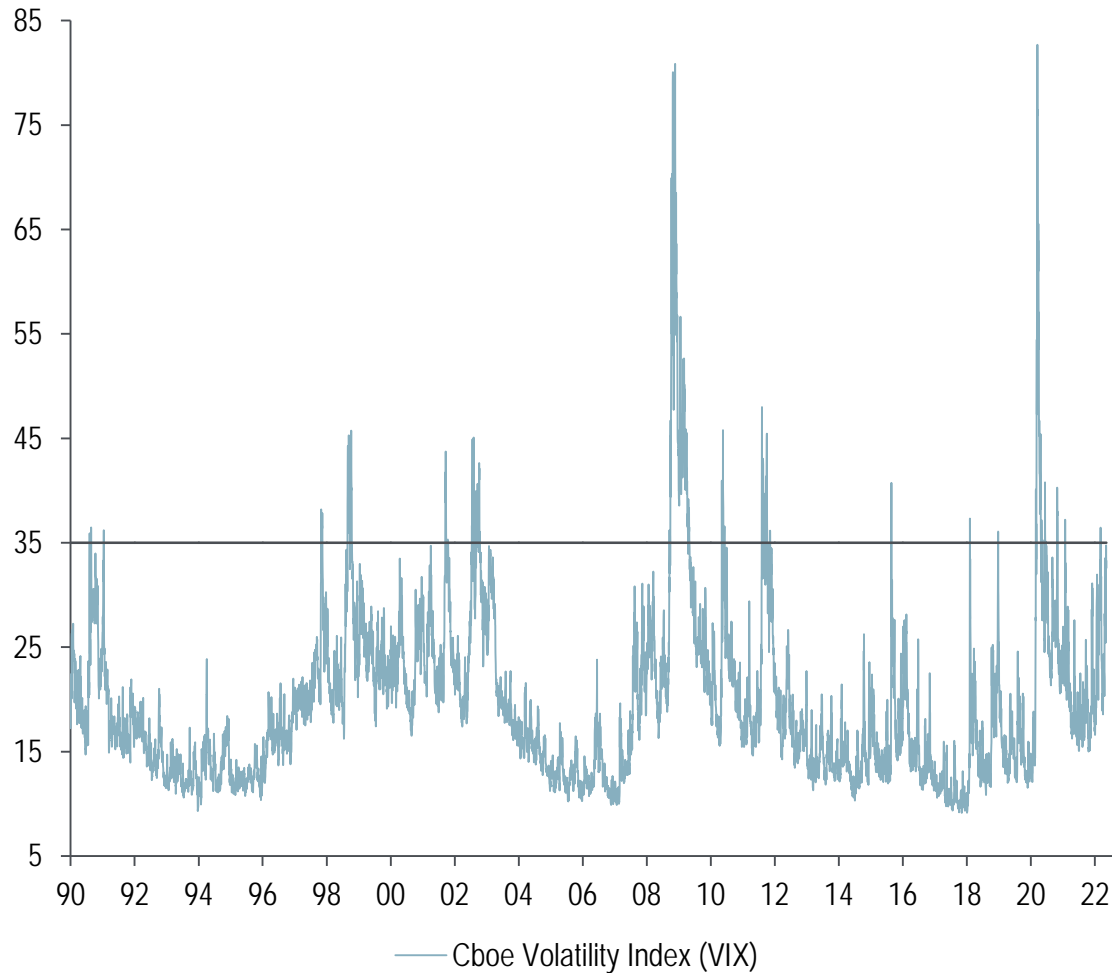
S&P 500 bear markets since 1945

S&P 500 bear markets since 1945							
Peak		Trough		Recovery		Number of Days*	
Date	Close	Date	Close	Date	% Drop	Peak to trough	Trough to recovery
02/19/2020	3386.15	03/23/2020	2237.40	08/18/2020	-33.9%	24	107
04/29/2011	1363.61	10/03/2011	1099.23	02/24/2012	-19.4%	112	105
10/09/2007	1565.15	03/05/2009	682.55	03/28/2013	-56.4%	368	1061
04/07/2000	1516.35	10/09/2002	776.76	09/18/2007	-48.8%	654	1290
07/17/1998	1186.75	08/31/1998	957.28	12/18/1998	-19.3%	32	80
07/16/1990	368.95	10/11/1990	295.46	02/11/1991	-19.9%	64	88
08/25/1987	336.77	12/04/1987	223.92	07/26/1989	-33.5%	74	429
11/28/1980	140.52	08/12/1982	102.42	11/03/1982	-27.1%	445	60
09/21/1976	107.83	03/06/1978	86.9	09/12/1978	-19.4%	380	137
01/11/1973	120.24	10/03/1974	62.28	07/14/1980	-48.2%	451	1508
11/29/1968	108.37	05/26/1970	69.29	03/06/1972	-36.1%	388	465
02/09/1966	94.06	10/07/1966	73.2	05/05/1967	-22.2%	173	151
12/12/1961	72.64	06/26/1962	52.32	09/03/1963	-28.0%	141	311
08/02/1956	49.74	10/22/1957	38.98	09/24/1958	-21.6%	319	242
06/15/1948	17.06	06/14/1949	13.64	01/09/1950	-20.0%	261	150
05/29/1946	19.25	05/19/1947	13.77	06/09/1950	-28.5%	254	800

Source: RBC Wealth Management, FactSet, Bloomberg; data through 4/30/22; *Ignores holiday



Equity volatility: Elevated VIX can present opportunities to deploy capital



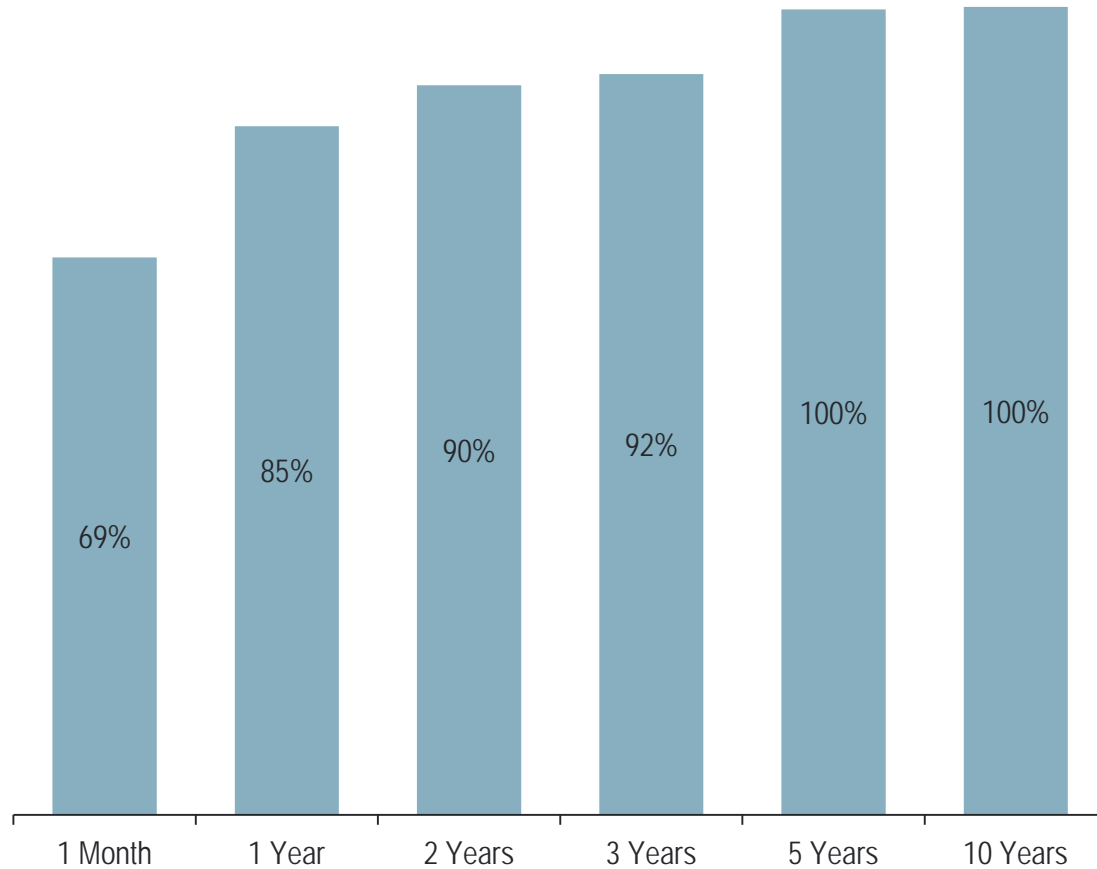
Median forward returns vs. VIX levels						
VIX	< 10	10 - 15	15 - 20	20 - 25	25 - 35	> 35
Occurrence	72	2,718	2,445	1,682	1,170	356
% of trading days	0.8%	31.1%	28.0%	19.3%	13.4%	4.1%
S&P 500						
3 Month	3.7%	2.5%	2.4%	3.1%	5.8%	7.9%
6 Month	4.4%	4.9%	5.0%	4.7%	10.8%	17.2%
12 Month	6.9%	10.4%	10.3%	9.4%	15.7%	27.8%
TSX						
3 Month	1.2%	2.5%	1.5%	2.2%	4.3%	6.5%
6 Month	0.6%	4.1%	2.2%	4.1%	8.2%	13.9%
12 Month	-1.3%	8.3%	5.8%	2.6%	10.4%	26.6%
Global Equities						
3 Month	3.8%	2.5%	1.7%	1.7%	5.0%	7.1%
6 Month	3.2%	4.9%	2.7%	1.7%	9.2%	16.7%
12 Month	2.5%	11.2%	8.5%	4.6%	12.8%	31.8%

Source: RBC Wealth Management, Bloomberg; data through 5/11/22



Diversification and time: An investor's most valuable asset

Global Balanced Profile
Historical odds of positive returns over a specific time horizon



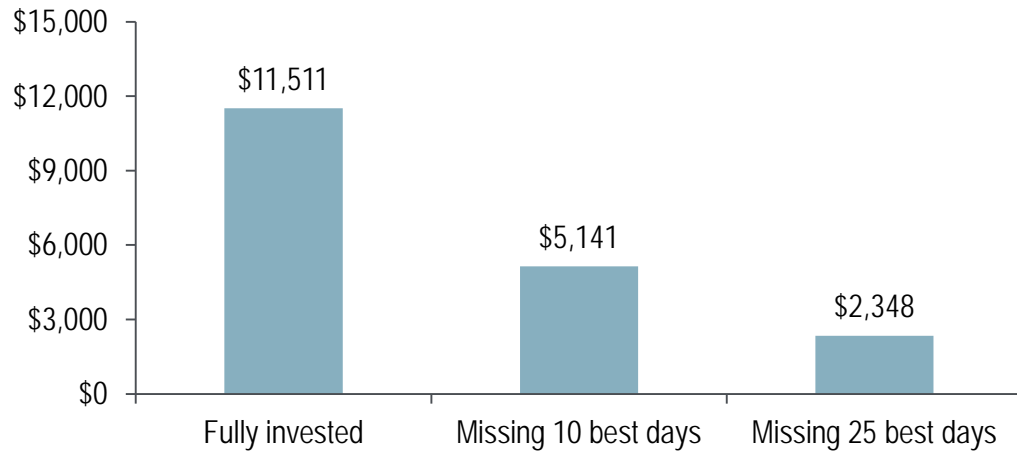
Global Balanced Asset Allocation Profile	Long-term strategic allocation targets % of portfolio
Cash	2%
Equities	55%
Canada	20%
United States	20%
International Developed Markets	10%
Emerging Markets	5%
Fixed Income	43%
Core	32%
Government Bonds	9%
Corporates Bonds - Investment Grade	13%
Global Bonds (CAD Hedged)	10%
Non-Core	11%
Canadian Preferred Shares	3%
Corporate Bonds - High Yield	4%
Emerging Market Bonds	4%

Source: RBC Wealth Management, FactSet; data through 12/31/21; calculations based on monthly data from 1990 to 2021

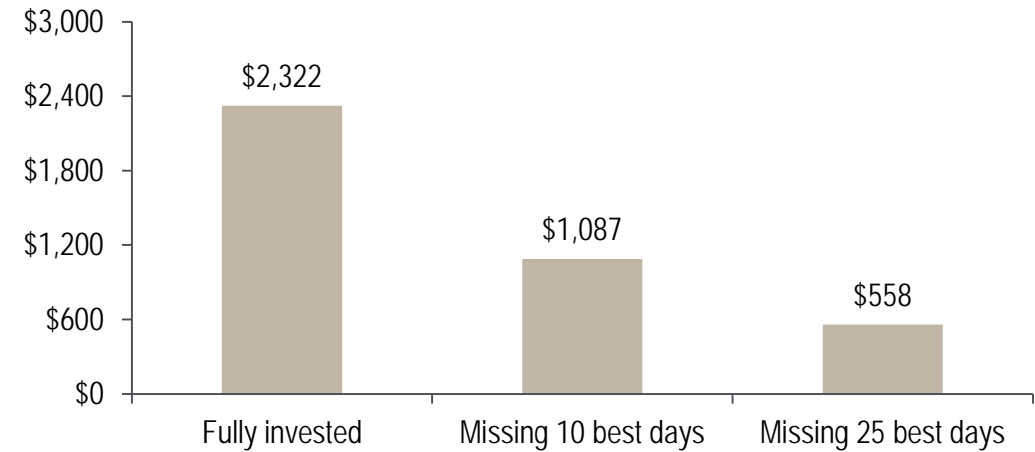


Staying disciplined and invested crucial to achieving long-term objectives

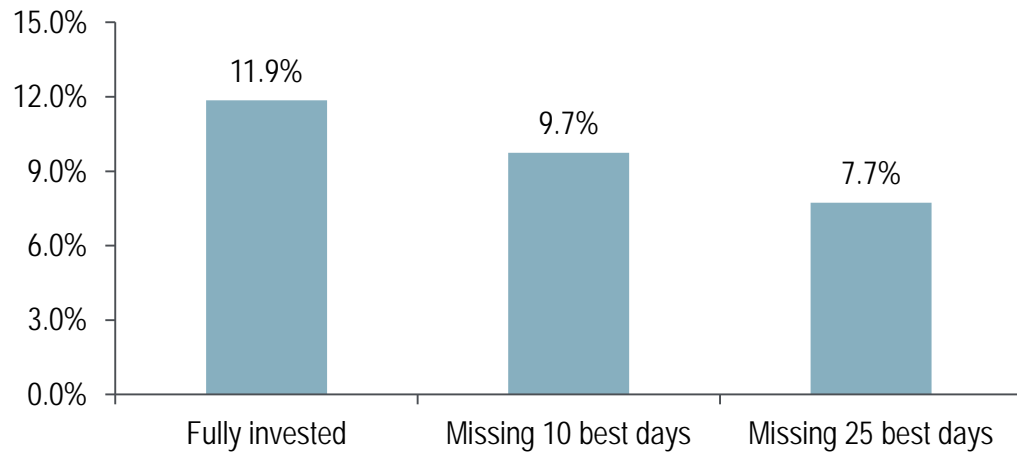
S&P 500: Growth of \$100 invested January 1, 1980



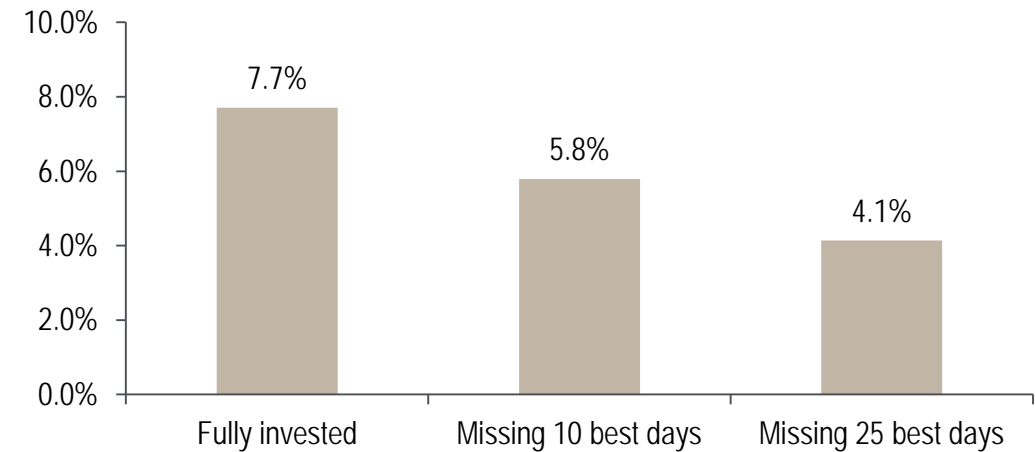
TSX Composite: Growth of \$100 invested January 1, 1980



S&P 500: Annualized returns since January 1, 1980



TSX Composite: Annualized returns since January 1, 1980

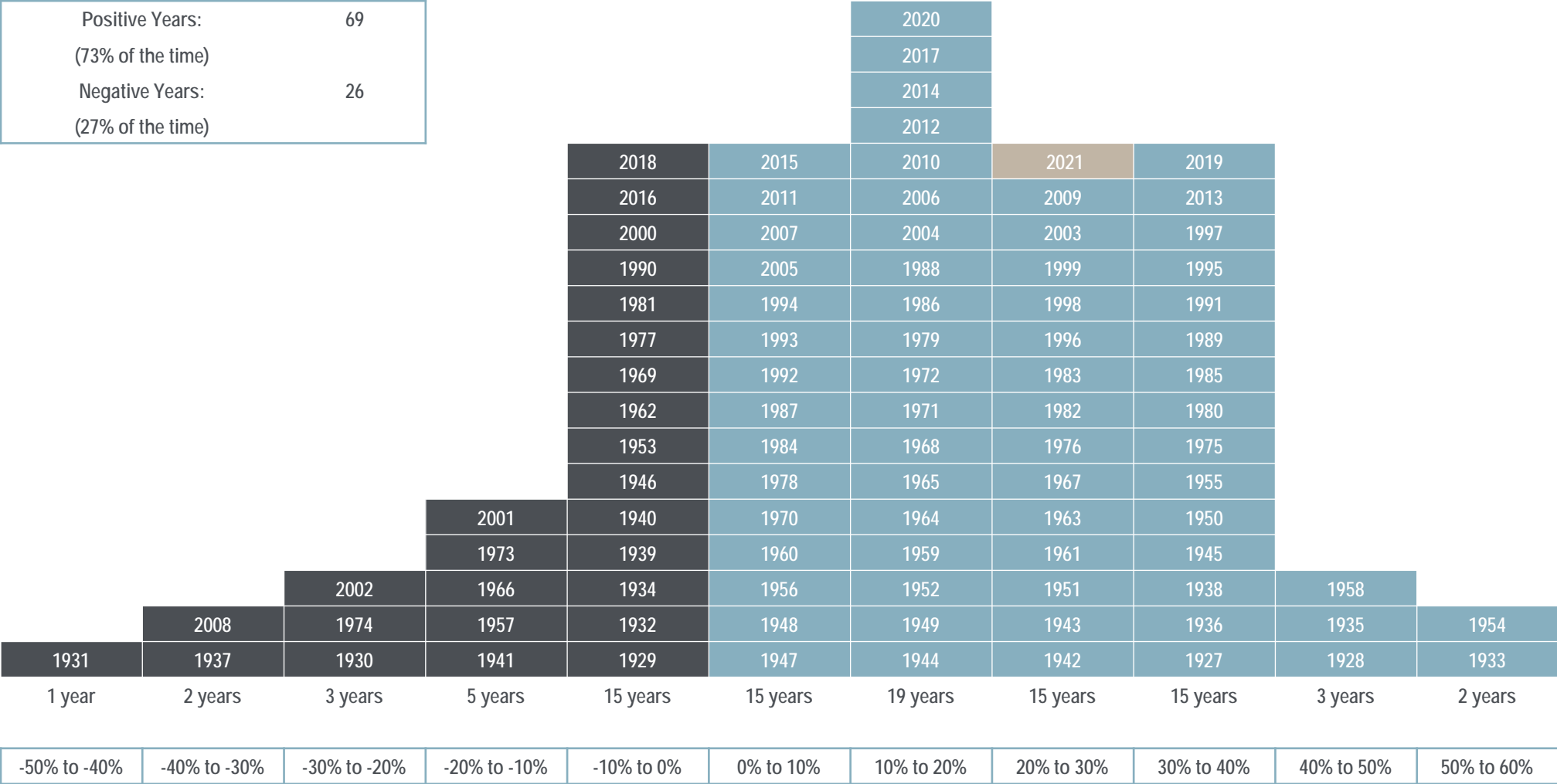


Source: RBC Wealth Management, Bloomberg; data through 4/30/22; calculations based on daily data from January 1980 to April 2022



S&P 500: Annual return distribution range (1927 – 2021)

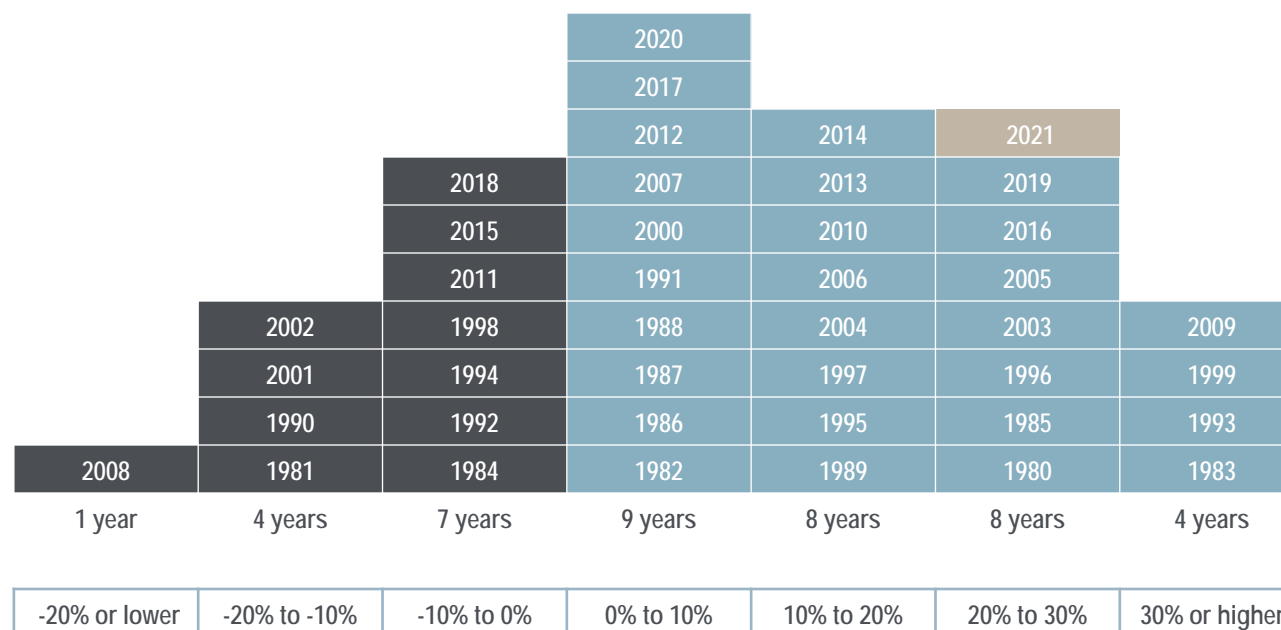
Positive Years:	69
(73% of the time)	
Negative Years:	26
(27% of the time)	



Source: RBC Wealth Management, Bloomberg; data through 12/31/21

TSX Composite: Annual return distribution range (1980 – 2021)

Positive Years:	30
(71% of the time)	
Negative Years:	12
(29% of the time)	

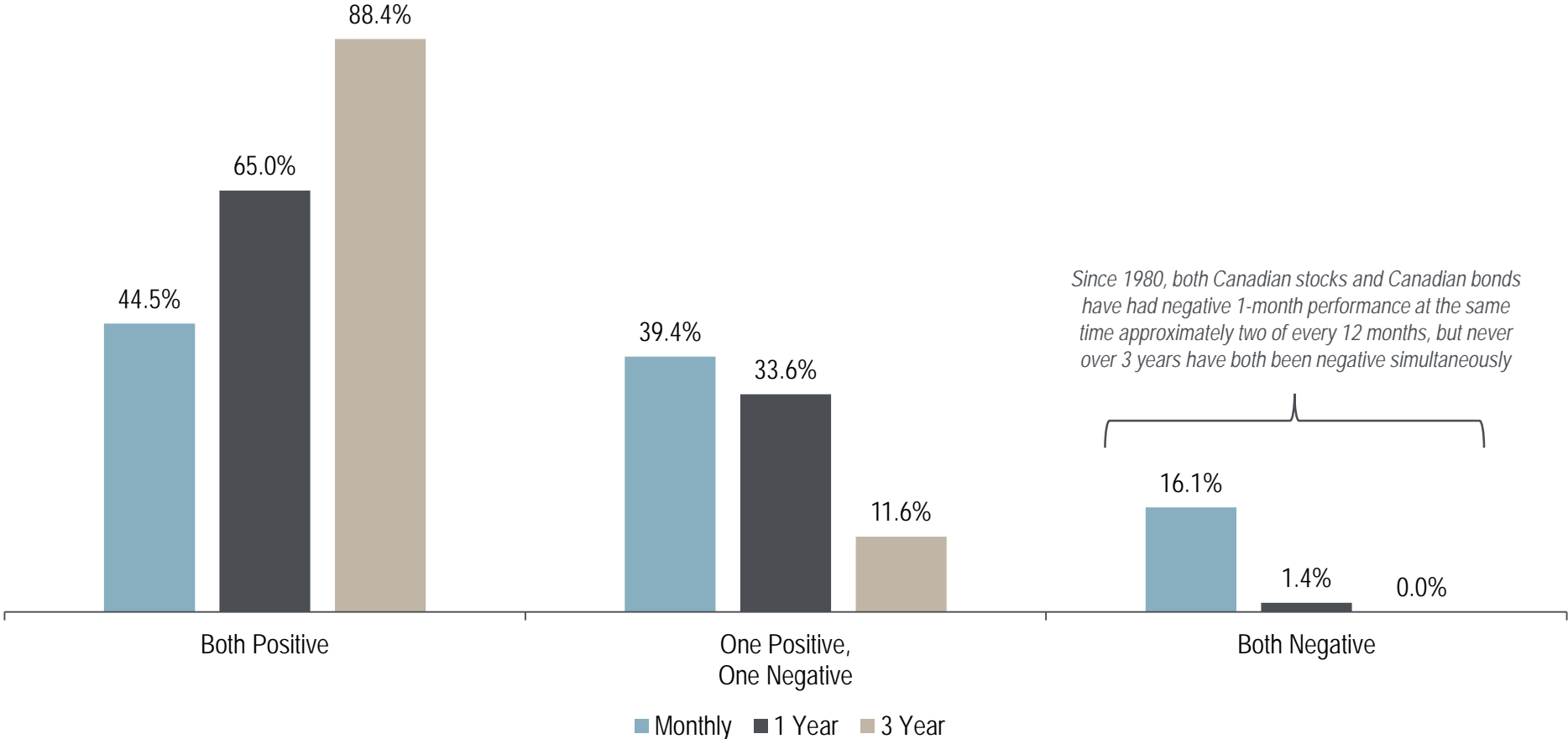


Source: RBC Wealth Management, Bloomberg; data through 12/31/21



How often does diversification work?

Over time, stocks and bonds are rarely negative at the same time



Depicts the frequency with which the S&P/TSX Composite and the FTSE Canada Universe Bond Index have been both positive, one positive and one negative, and both negative for rolling 1-month, 1-year and 3-year periods. Source: RBC Global Asset Management, RBC Wealth Management, Bloomberg, FactSet; data through 4/30/22



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