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Investment UPDATE

Spring 2019 Edition

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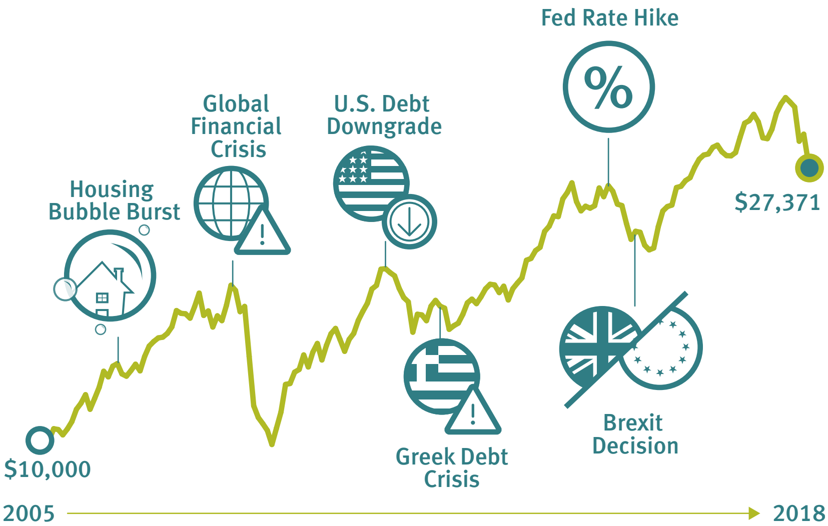
Making time work for you

When investors feel uncertain about markets, they may be tempted to sell their investments or hold cash on the sidelines, waiting for a better time to invest. However, long-term market returns generally indicate that time in the market, combined with a regular investing plan, is a more effective investing approach when compared to trying to time the market. Why?

1. **Over the short term**, markets move up and down for a wide range of reasons, and can be very unpredictable. Pinpointing market highs and lows and consistently buying and selling at the right time is next to impossible – even for the experts – and attempting to do so can add unnecessary risk to your portfolio.
2. **Over longer periods**, markets have risen far more often than they fallen and returns have been more consistent. For example, over 30-year periods, Canadian stocks have delivered consistent annualized returns ranging from 7%-10%[1], helping many Canadians who stayed invested over these periods reach their goals.

1. Source: RBC Global Asset Management, S&P/TSX Composite Total Return Index, monthly rolling 30-year periods from January 1, 1980 to December 31, 2018.

Historically, markets tend to rise – even after setbacks



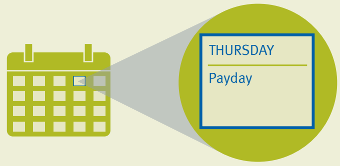
Growth of $10,000, S&P/TSX Composite Total Return Index, 2005-2018. Source: RBC Global Asset Management. An investment cannot be made directly in an index. Graph does not reflect transaction costs, investment management fees or taxes. If such costs were reflected, returns would be lower. Past performance is not a guarantee of future results.

Three steps to regular investing success

Having a plan to invest regularly – and sticking to it – is generally an effective strategy for long-term investors. Investing regularly can also help you ease into markets over time and reduce portfolio volatility.

1. Make it automatic

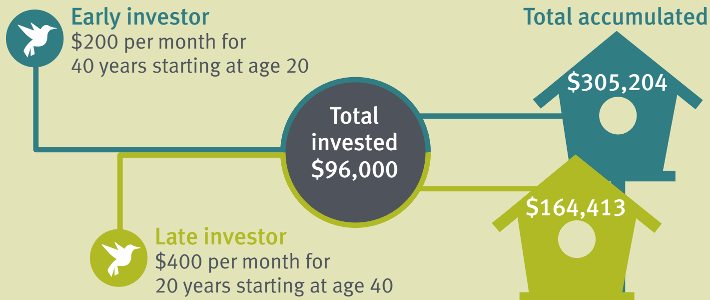
For example, arrange to deduct a set amount from each paycheck and move it into your investment account.



2. Start early

It's often more important than how much you invest overall. This is due to the snowball effect of compounding, which happens as the original amount you invested grows and any interest, dividends and capital gains earned are also re-invested.

By getting a head start, the 'Early investor' shown below accumulated an additional $140,791 by age 60

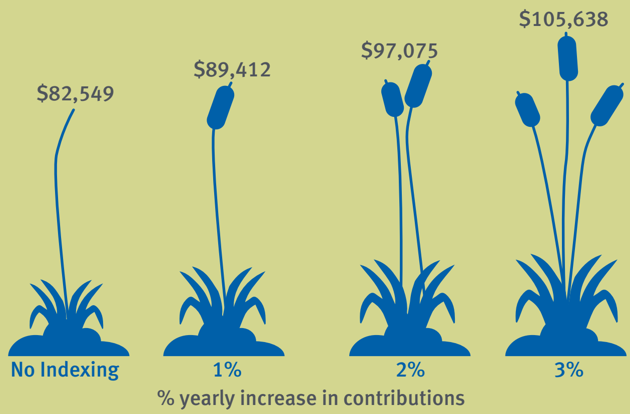


Annual returns are assumed to be 5%. For illustrative purposes only. Actual returns may vary substantially.

3. Save a little more each year

Even a small annual increase to your regular investing contributions can add up over time. Consider boosting your savings by the amount of a salary increase or by a set dollar amount each year. In many cases you won't feel the difference in your cash flow.

Increasing your contributions yearly can add up



The growth of a $200 monthly contribution over 20 years with 5% annual returns. For illustrative purposes only. Actual returns may vary substantially.

If you apply even just one of these techniques for regular investing, you can make time work for you to help you grow your savings. Applying all three can help put time squarely on your side and avoid racing the clock to build your savings.

READY TO BOOST YOUR INVESTING?

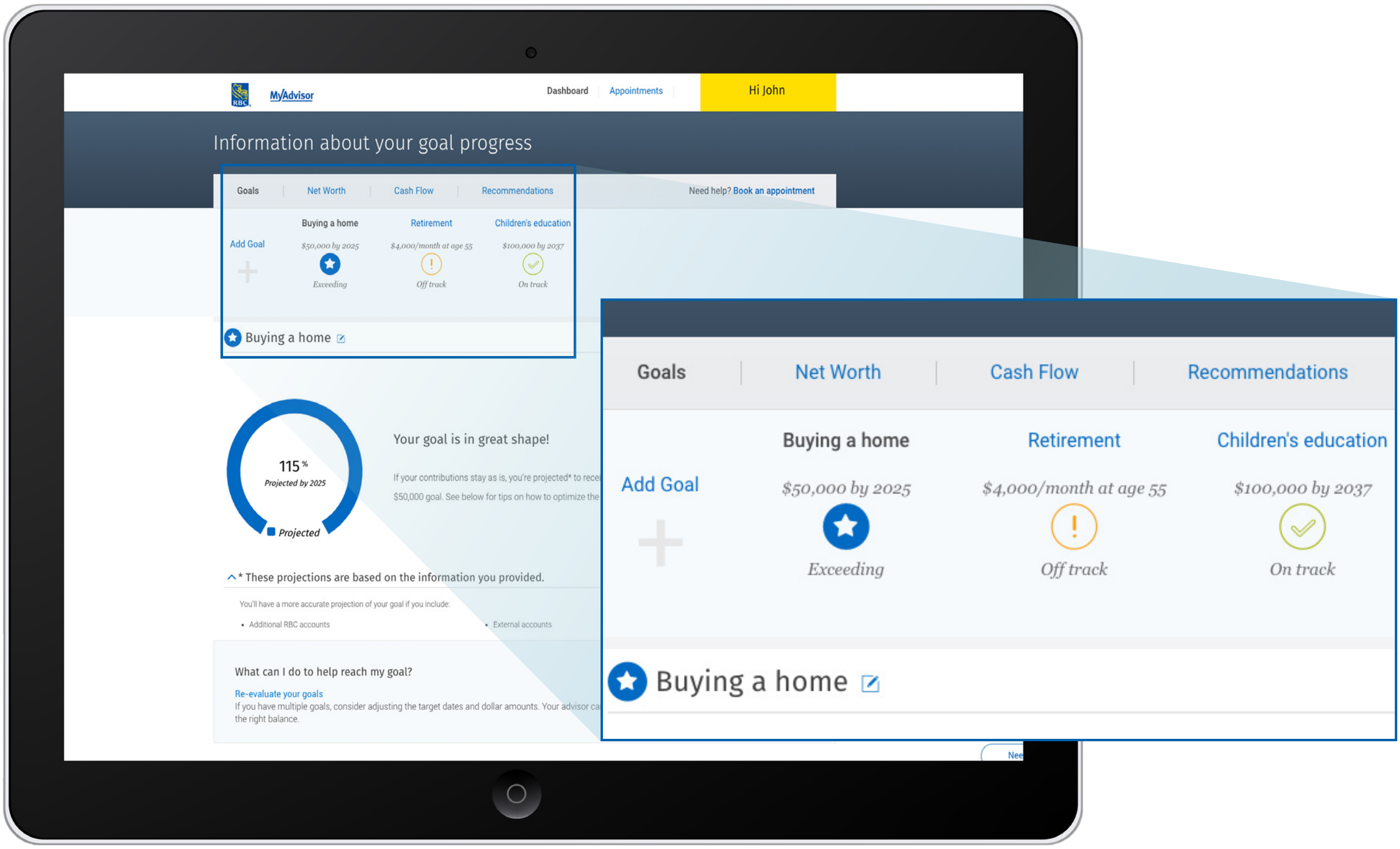
Whether or not you are already investing regularly, talk to your RBC Advisor about ways to boost your savings rate and reach your goals sooner – and check out the ways to get your money working harder on page 3.

Get your money working harder and smarter

You work hard for your money, so make it work hard for you. In addition to regular meetings with your RBC Advisor, here are some convenient ways RBC can help you get your money working harder and smarter to keep your goals on track.

Set and track your goals with MyAdvisor®

Over time, your short- and long-term financial goals can change and evolve. MyAdvisor is a great way to set and track all of your goals in one place. By simply providing some basic information about each of your goals, MyAdvisor can show you where you stand and help you explore options for keeping all of your goals on track.



Start a regular investing plan online

A regular investing plan is an easy way to make sure you continue to save and on a schedule that works for you. If you're an RBC Online Banking client and have an existing investment account, you can set-up or adjust pre-authorized contributions to your RRSP, TFSA or non-registered investment account online, any time.

Put your parked funds to work

Cash and other short-term investments sometimes sit parked in investment accounts. Investors might be waiting for a better time to invest or are concerned about investing it all at once. To reduce the risk of poor timing, your RBC Advisor can help you gradually ease that money into an investment solution that's better suited to your long-term goals. For example, you can arrange to move set dollar amounts of your parked cash into a long-term portfolio solution at fixed intervals, such as weekly, bi-weekly or monthly.

To learn more about how to get your money working harder for you, log in to RBC Online Banking or connect with an RBC Advisor.

ONE-MINUTE MARKET UPDATE

For the full Spring 2019 Global Investment Outlook, please visit rbcgam.com/gio.

ECONOMY

- Headwinds from protectionism, fading fiscal stimulus and less favourable financial conditions continue to weigh on global growth trajectory.
- While growth is indeed slowing, we expect only a mild deceleration in growth to rates that remain quite good by post-crisis standards.
- The three main risks to our outlook are possible escalation in trade tariffs, China's slowdown and the aging U.S. business cycle.
- Globally we look for 3.50 percent growth in 2019 and 3.25 percent growth in 2020, down from nearly 4.00 percent from the past two years.

FIXED INCOME

- Against a backdrop of slowing growth, less inflation and increased financial-market volatility, central banks are no longer actively tightening monetary policy and global sovereign bonds rallied in the past quarter.
- Yields on 10-year government bonds are now below our estimates of equilibrium in all major regions, particularly in markets outside of North America.
- Our models suggest yields are likely to rise over the longer term, but we recognize that slowing economic growth and tame inflation could limit upside pressure in the near term.
- We continue to be underweight fixed income because, in our view, total returns for sovereign bonds are likely to be low or even slightly negative for an extended period.

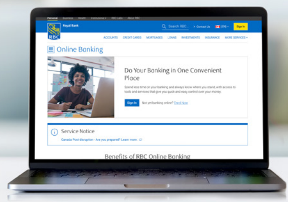
EQUITY MARKETS

- The world's major stock markets suffered double-digit declines in 2018 and our composite of global market valuations had fallen to its lowest level in seven years, boosting total return potential and setting up the preconditions for the subsequent rally.
- Although stocks have had a good run so far this year, our models suggest that the rally can persist as long as earnings grow at a moderate pace as analysts expect.
- The profit outlook for 2019 is less rosy than last year, but against a backdrop of low inflation and accommodative monetary policy, there is room for stocks to move up.
- Balancing the risks and opportunities and given superior return expectations for stocks versus bonds, we feel that maintaining slight overweight exposure to equities is appropriate.

Get your tax documents online

You can now receive your RSP Contribution Receipts, T3 and Relevé 16 tax documents through RBC Online Banking.

- No more waiting for your tax documents to arrive in the mail
- Find them whenever you need them (for up to 7 years)
- Reprint anytime if you need copies



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