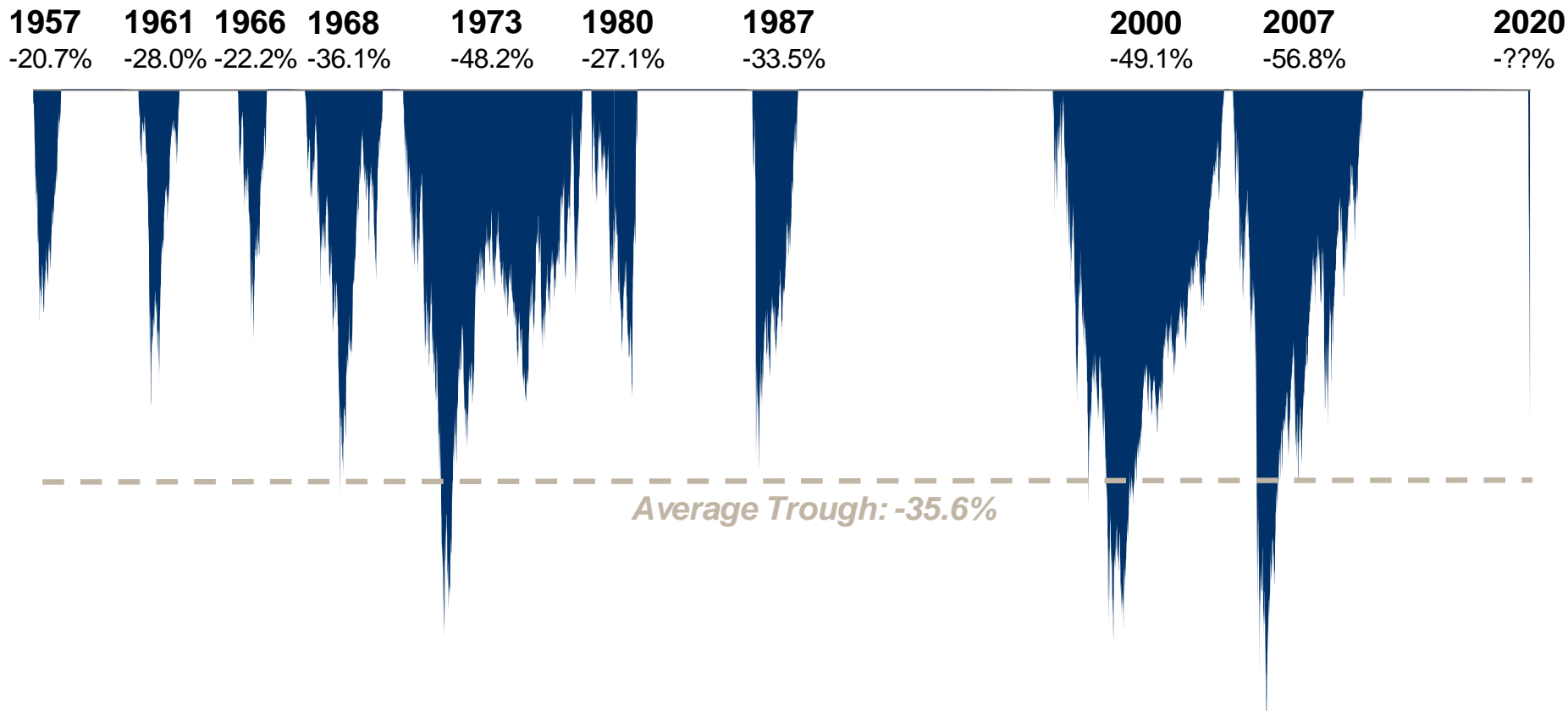


Bear markets

A look at the past to frame the future

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%

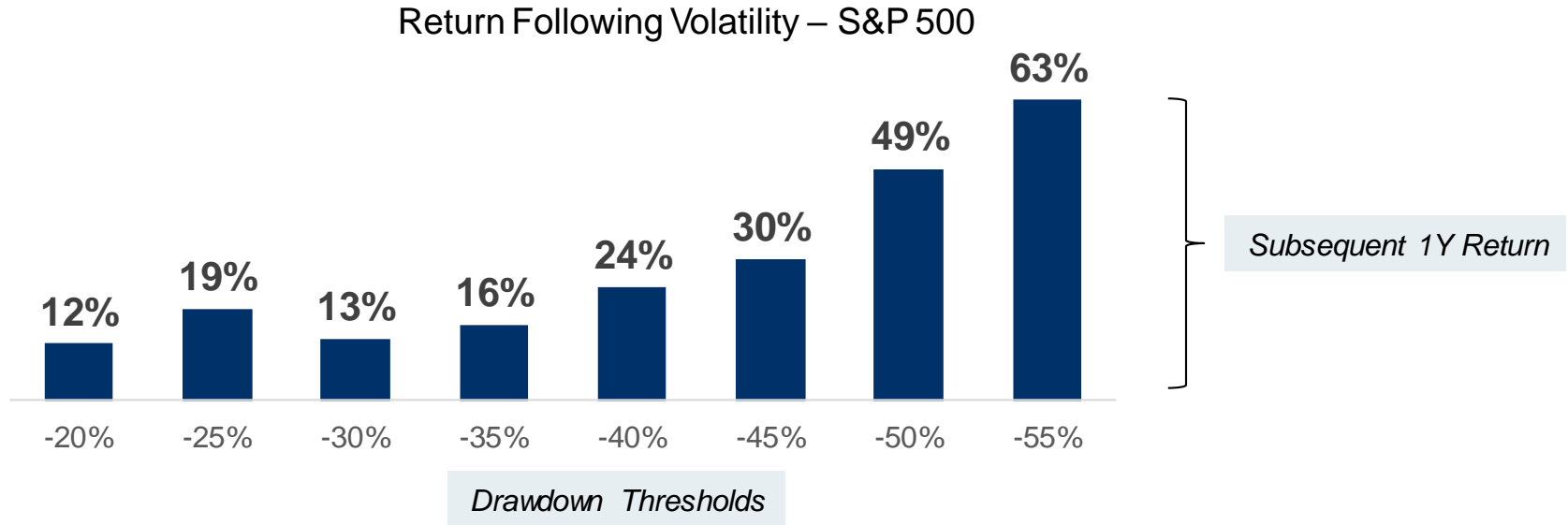
Year	Peak Date	-25% Date	1Y	3Y	5Y	10Y
1961	12/12/61	06/14/62	31.1%	20.9%	14.2%	10.6%
1968	11/29/68	04/28/70	34.8%	15.3%	7.3%	7.7%
1973	01/11/73	04/25/74	9.6%	8.6%	7.5%	11.6%
1980	11/28/80	08/05/82	44.2%	22.2%	27.6%	17.8%
2000	03/24/00	03/20/01	2.2%	0.7%	4.5%	3.1%
2007	10/09/07	09/17/08	-5.3%	4.0%	10.5%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

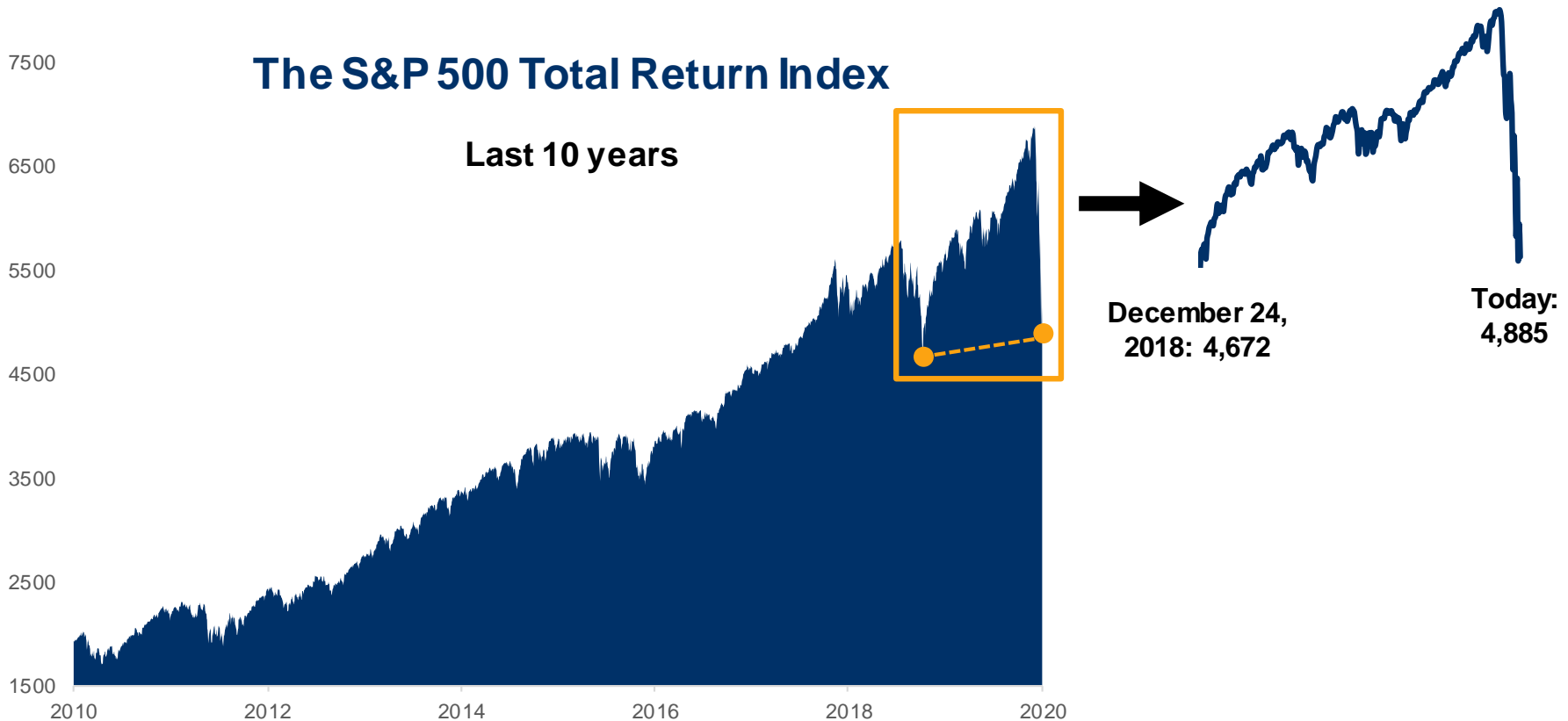
RBC Global Asset Management

Volatility in Perspective



Maintaining perspective

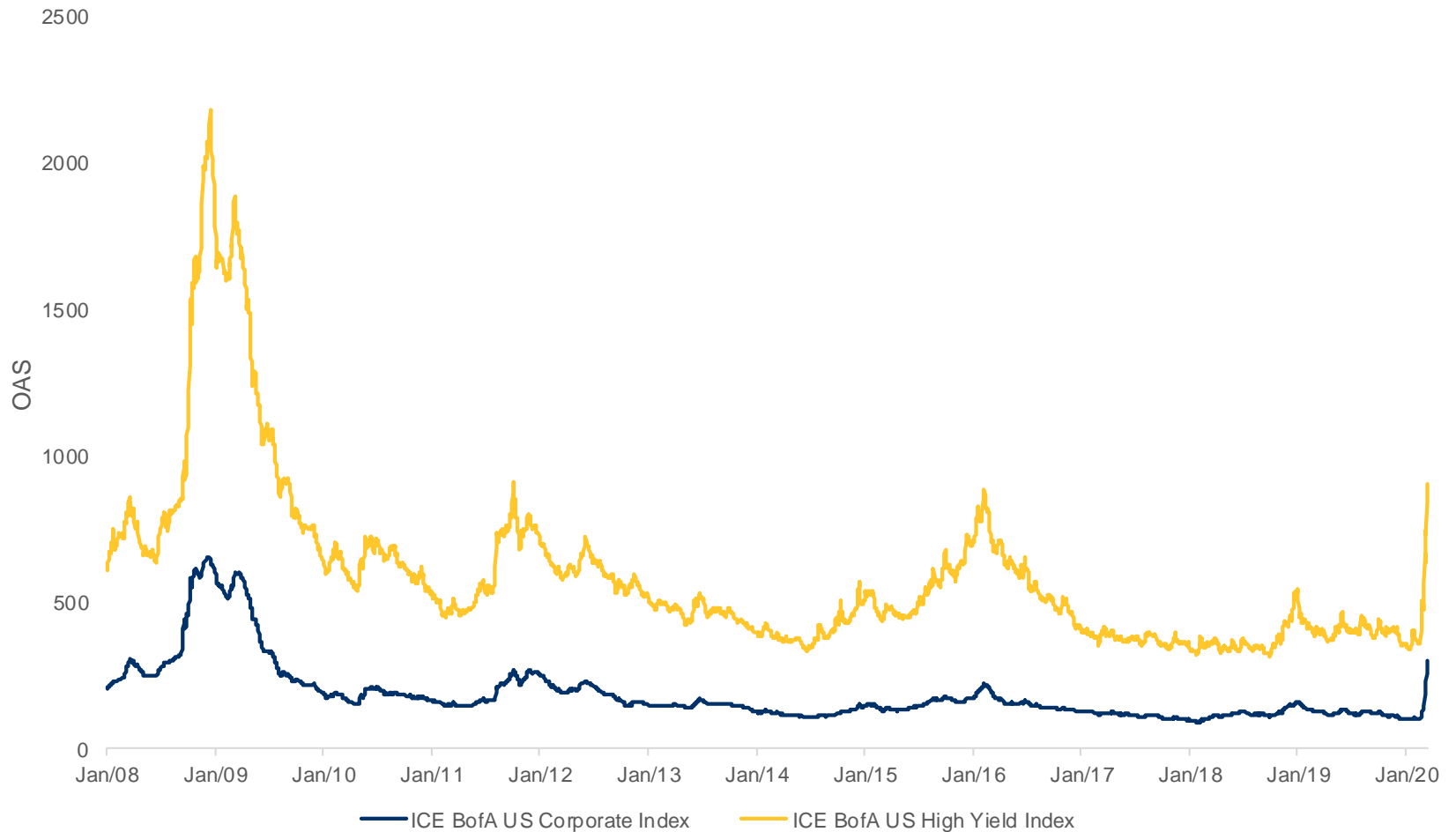
- The S&P 500 Total Return Index has merely retreated back to where it was in December 2018



Source: Bloomberg, RBC GAM. S&P 500 Total Return Index from March 18, 2010 to March 18, 2020. Chart on right shows the S&P 500 Total Return Index from December 24, 2018 to March 18, 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.

Bond Spreads



Source: FRED data as of March 18, 2020

Volatility is a normal part of investing

Monthly returns of the S&P 500

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020	0.0%	-8.2%										
2019	8.0%	3.2%	1.9%	4.0%	-6.4%	7.0%	1.4%	-1.6%	1.9%	2.2%	3.6%	3.0%
2018	5.7%	-3.7%	-2.5%	0.4%	2.4%	0.6%	3.7%	3.3%	0.6%	-6.8%	2.0%	-9.0%
2017	1.9%	4.0%	0.1%	1.0%	1.4%	0.6%	2.1%	0.3%	2.1%	2.3%	3.1%	1.1%
2016	-5.0%	-0.1%	6.8%	0.4%	1.8%	0.3%	3.7%	0.1%	0.0%	-1.8%	3.7%	2.0%
2015	-3.0%	5.8%	-1.6%	1.0%	1.3%	-1.9%	2.1%	-6.0%	-2.5%	8.4%	0.3%	-1.6%
2014	-3.5%	4.6%	0.8%	0.7%	2.4%	2.1%	-1.4%	4.0%	-1.4%	2.4%	2.7%	-0.3%
2013	5.2%	1.4%	3.8%	1.9%	2.3%	-1.3%	5.1%	-2.9%	3.1%	4.6%	3.1%	2.5%
2012	4.5%	4.3%	3.3%	-0.6%	-6.0%	4.1%	1.4%	2.3%	2.6%	-1.9%	0.6%	0.9%
2011	2.4%	3.4%	0.0%	3.0%	-1.1%	-1.7%	-2.0%	-5.4%	-7.0%	10.9%	-0.2%	1.0%
2010	-3.6%	3.1%	6.0%	1.6%	-8.0%	-5.2%	7.0%	-4.5%	8.9%	3.8%	0.0%	6.7%
2009	-8.4%	-10.7%	8.8%	9.6%	5.6%	0.2%	7.6%	3.6%	3.7%	-1.9%	6.0%	1.9%
2008	-6.0%	-3.3%	-0.4%	4.9%	1.3%	-8.4%	-0.8%	1.5%	-8.9%	-16.8%	-7.2%	1.1%
2007	1.5%	-2.0%	1.1%	4.4%	3.5%	-1.7%	-3.1%	1.5%	3.7%	1.6%	-4.2%	-0.7%
2006	2.7%	0.3%	1.2%	1.3%	-2.9%	0.1%	0.6%	2.4%	2.6%	3.3%	1.9%	1.4%
2005	-2.4%	2.1%	-1.8%	-1.9%	3.2%	0.1%	3.7%	-0.9%	0.8%	-1.7%	3.8%	0.0%
2004	1.8%	1.4%	-1.5%	-1.6%	1.4%	1.9%	-3.3%	0.4%	1.1%	1.5%	4.1%	3.4%
2003	-2.6%	-1.5%	1.0%	8.2%	5.3%	1.3%	1.8%	2.0%	-1.1%	5.7%	0.9%	5.2%
2002	-1.5%	-1.9%	3.8%	-6.1%	-0.7%	-7.1%	-7.8%	0.7%	-10.9%	8.8%	5.9%	-5.9%
2001	3.6%	-9.1%	-6.3%	7.8%	0.7%	-2.4%	-1.0%	-6.3%	-8.1%	1.9%	7.7%	0.9%
2000	-5.0%	-1.9%	9.8%	-3.0%	-2.1%	2.5%	-1.6%	6.2%	-5.3%	-0.4%	-7.9%	0.5%
1999	4.2%	-3.1%	4.0%	3.9%	-2.4%	5.6%	-3.1%	-0.5%	-2.7%	6.3%	2.0%	5.9%
1998	1.1%	7.2%	5.1%	1.0%	-1.7%	4.1%	-1.1%	-14.5%	6.4%	8.1%	6.1%	5.8%
1997	6.3%	0.8%	-4.1%	6.0%	6.1%	4.5%	8.0%	-5.6%	5.5%	-3.3%	4.6%	1.7%
1996	3.4%	0.9%	1.0%	1.5%	2.6%	0.4%	-4.4%	2.1%	5.6%	2.8%	7.6%	-2.0%
1995	2.6%	3.9%	3.0%	2.9%	4.0%	2.3%	3.3%	0.3%	4.2%	-0.4%	4.4%	1.9%
1994	3.4%	-2.7%	-4.4%	1.3%	1.6%	-2.5%	3.3%	4.1%	-2.5%	2.3%	-3.6%	1.5%
1993	0.8%	1.4%	2.1%	-2.4%	2.7%	0.3%	-0.4%	3.8%	-0.8%	2.1%	-1.0%	1.2%
1992	-1.9%	1.3%	-1.9%	2.9%	0.5%	-1.5%	4.1%	-2.1%	1.2%	0.4%	3.4%	1.2%
1991	4.4%	7.2%	2.4%	0.2%	4.3%	-4.6%	4.7%	2.4%	-1.7%	1.3%	-4.0%	11.4%
1990	-6.7%	1.3%	2.7%	-2.5%	9.8%	-0.7%	-0.3%	-9.0%	-4.9%	-0.4%	6.5%	2.8%

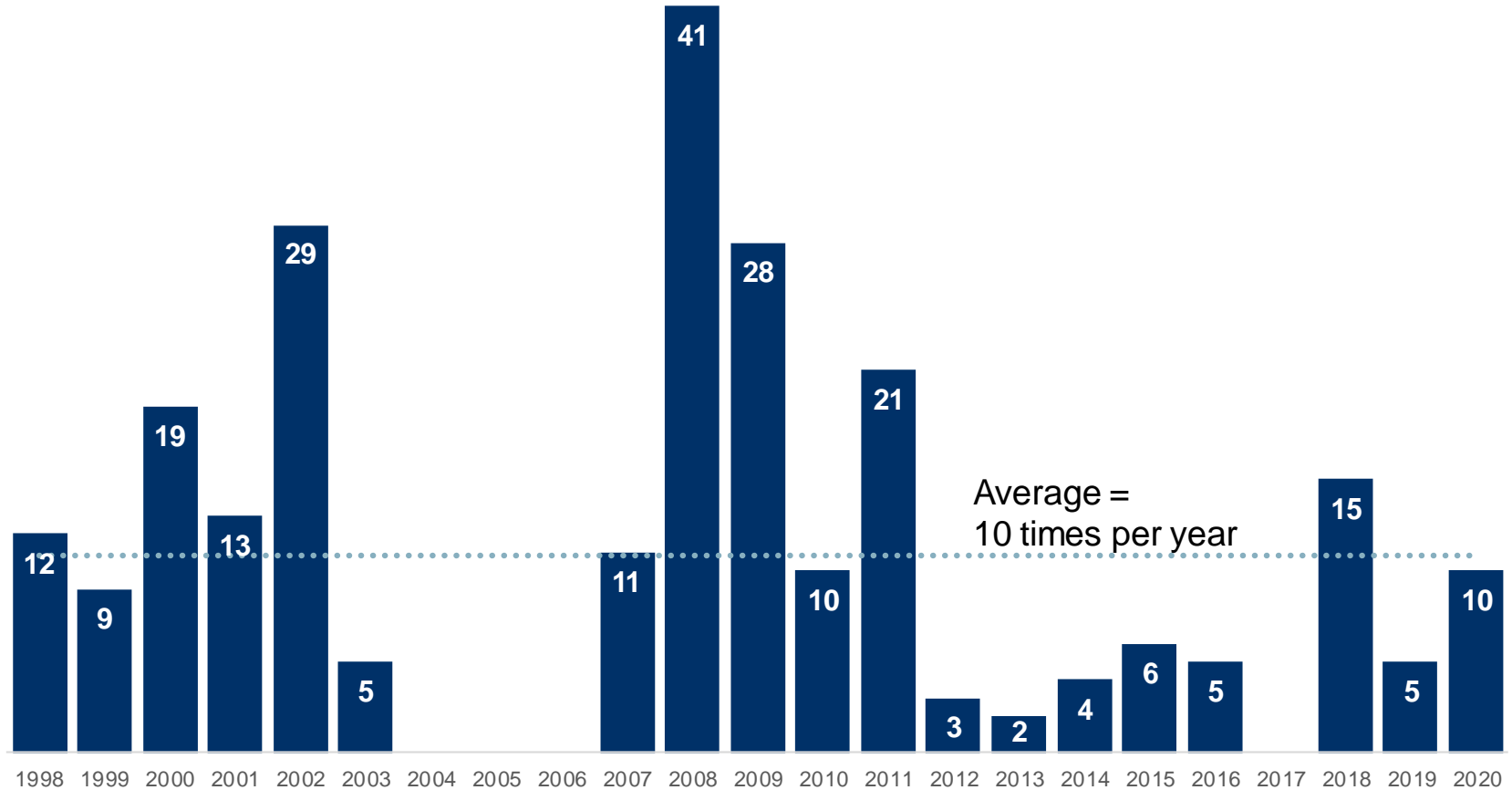
Source: RBC GAM. Monthly Returns in the S&P 500 TR (USD) Index since January 1990.



Volatility is a normal part of investing

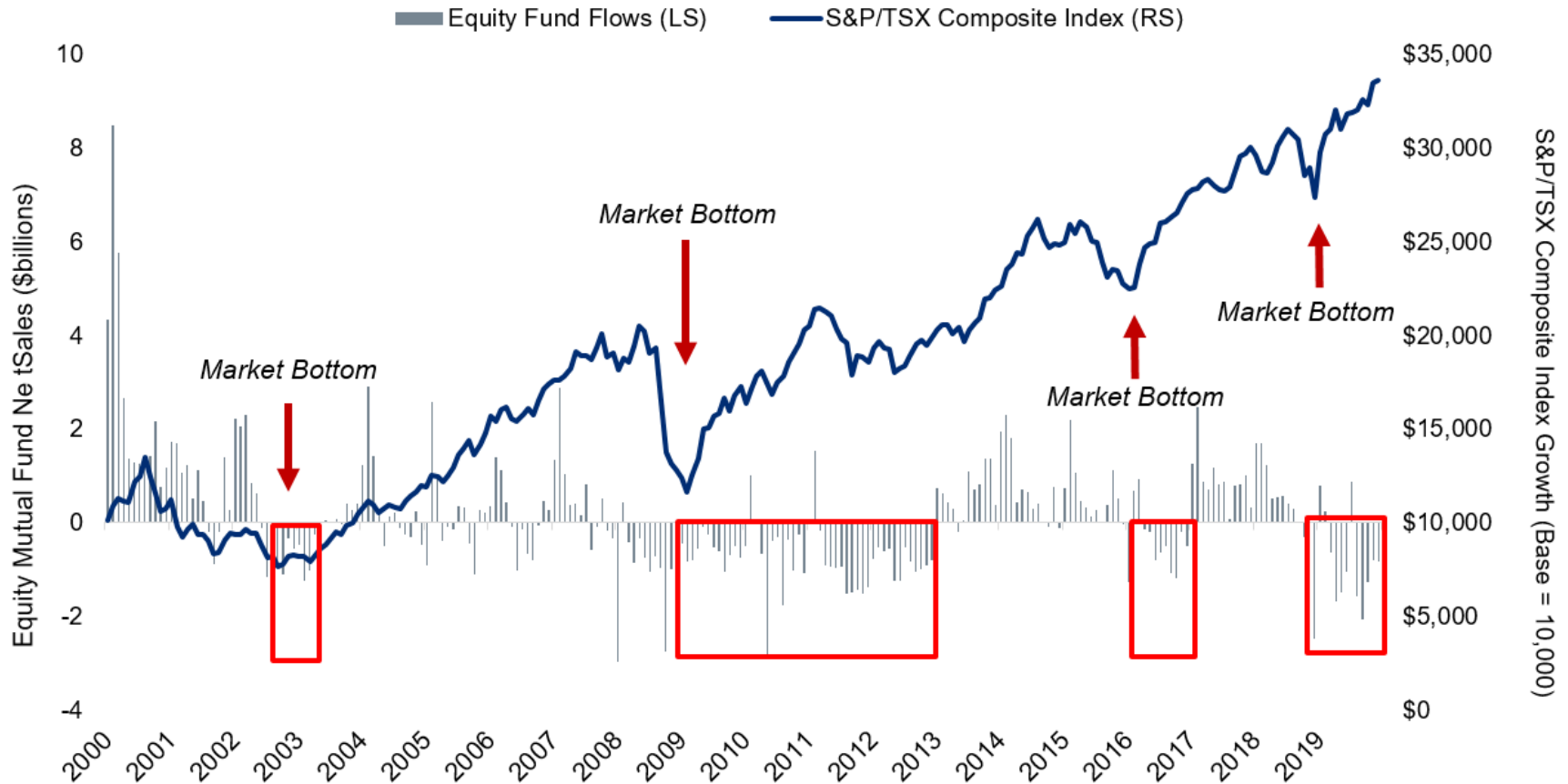
Number of down days greater than 2%

S&P 500 Index



Source: RBC Global Asset Management, Bloomberg. Based on S&P 500 Index data as of March 18, 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. The peak is measured at the highest level of the index during the year and the trough is its lowest level following the peak.

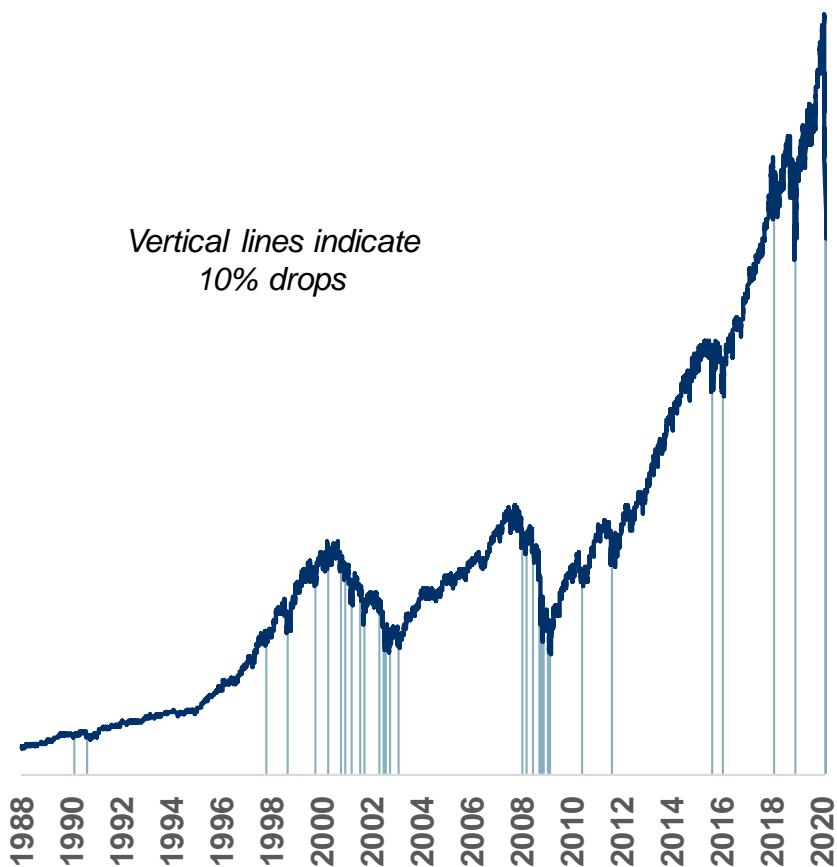
Investors often redeem at the worst times



*Includes net equity mutual fund flows. Source: RBC GAM, IFIC, Bloomberg. As of December 31, 2019. 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. The peak is measured at the highest level of the index during the year and the trough is its lowest level following the peak.

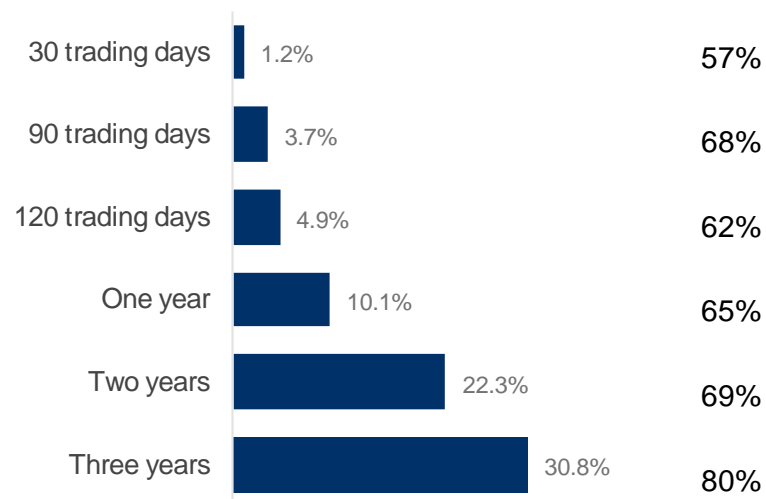
Performance After a Pullback

The S&P 500 has fallen 10% from a high 39 times since 1988



**After market declines 10%,
the subsequent return is
historically positive...**

**...with greater than
50% probability**

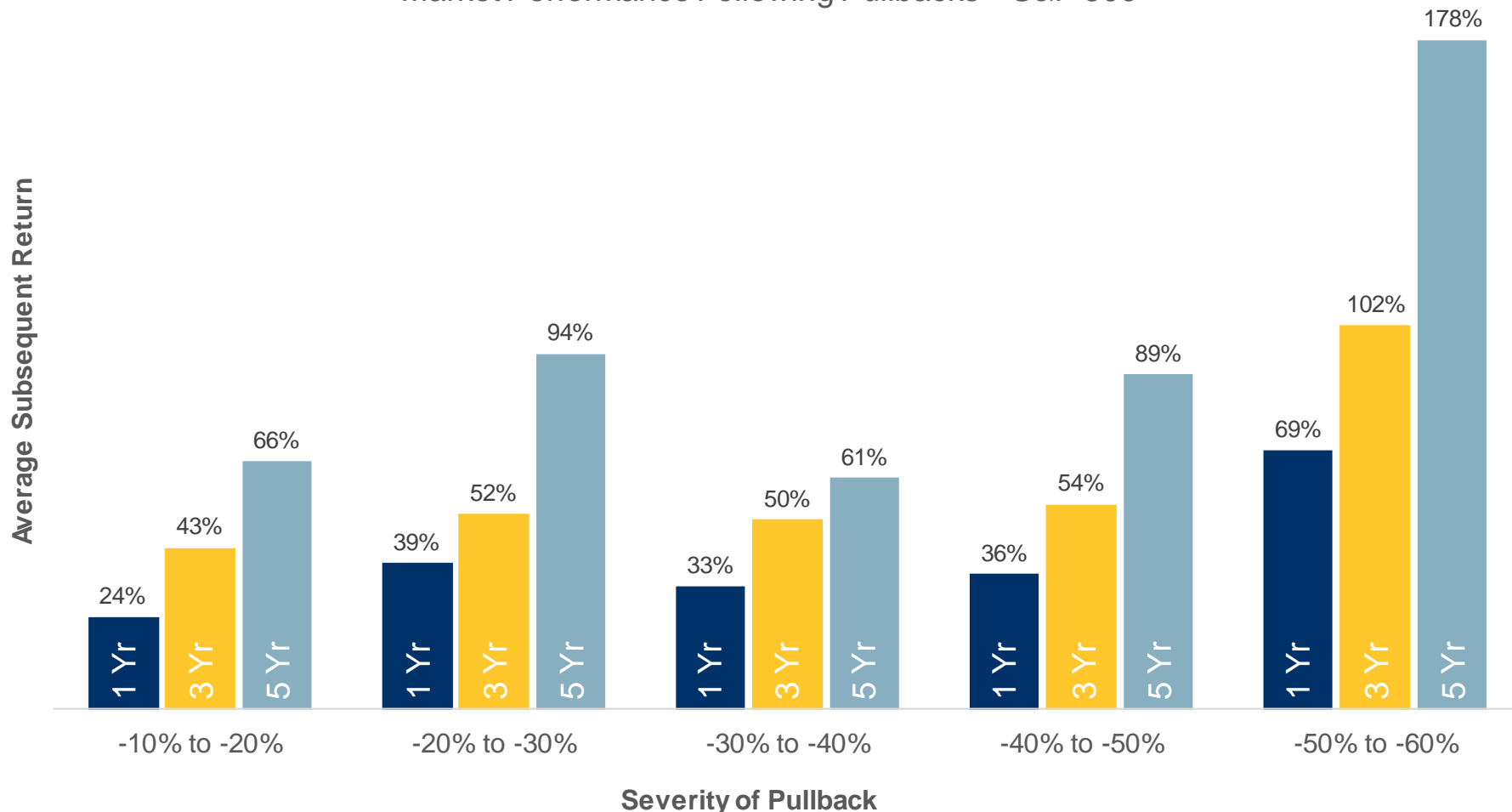


S&P 500 TR index (USD) from Jan 1, 1988 to Mar 17, 2020. One year represented by its average of 252 trading days. 10% drop is from an all-time high or the end of a previous drop. An investment cannot be made directly into an index. The graph does not reflect transaction costs, investment management fees or taxes. If such costs and fees were reflected, returns would be lower. Past performance is not a guarantee of future results. The peak is measured at the highest level of the index during the year and the trough is its lowest level following the peak.

Performance After a Pullback

No matter the severity, on average the subsequent returns are positive

Market Performance Following Pullbacks – S&P 500

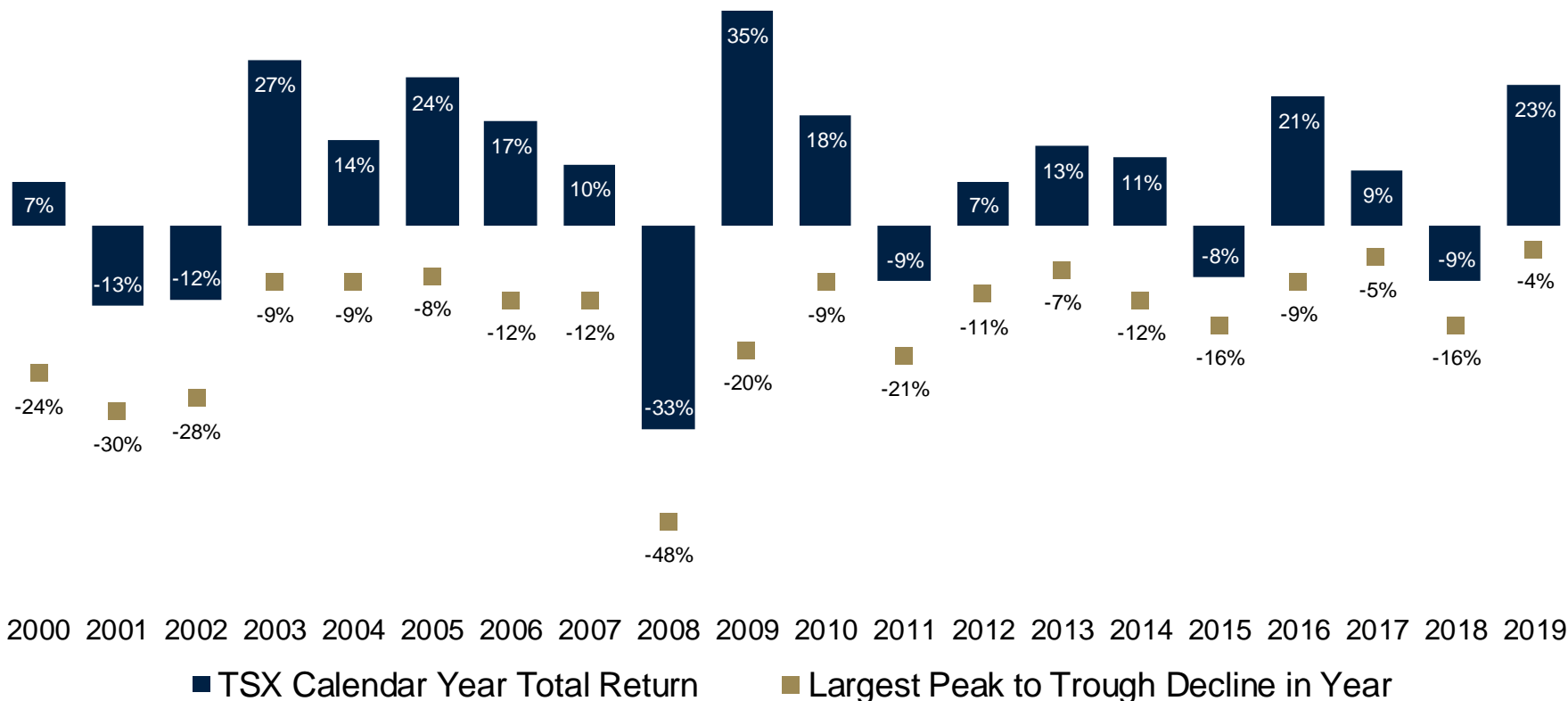


S&P 500 Index (USD) from Jan 1, 1950 to Mar 9, 2020. Subsequent performance is from troughs. Source: Bloomberg, RBC GAM. An investment cannot be made directly into an index. The graph does not reflect transaction costs, investment management fees or taxes. If such costs and fees were reflected, returns would be lower. Past performance is not a guarantee of future results. The peak is measured at the highest level of the index during the year and the trough is its lowest level following the peak.

Even the good years have dark days

60% of years have 10% drawdown or more

S&P/TSX Index

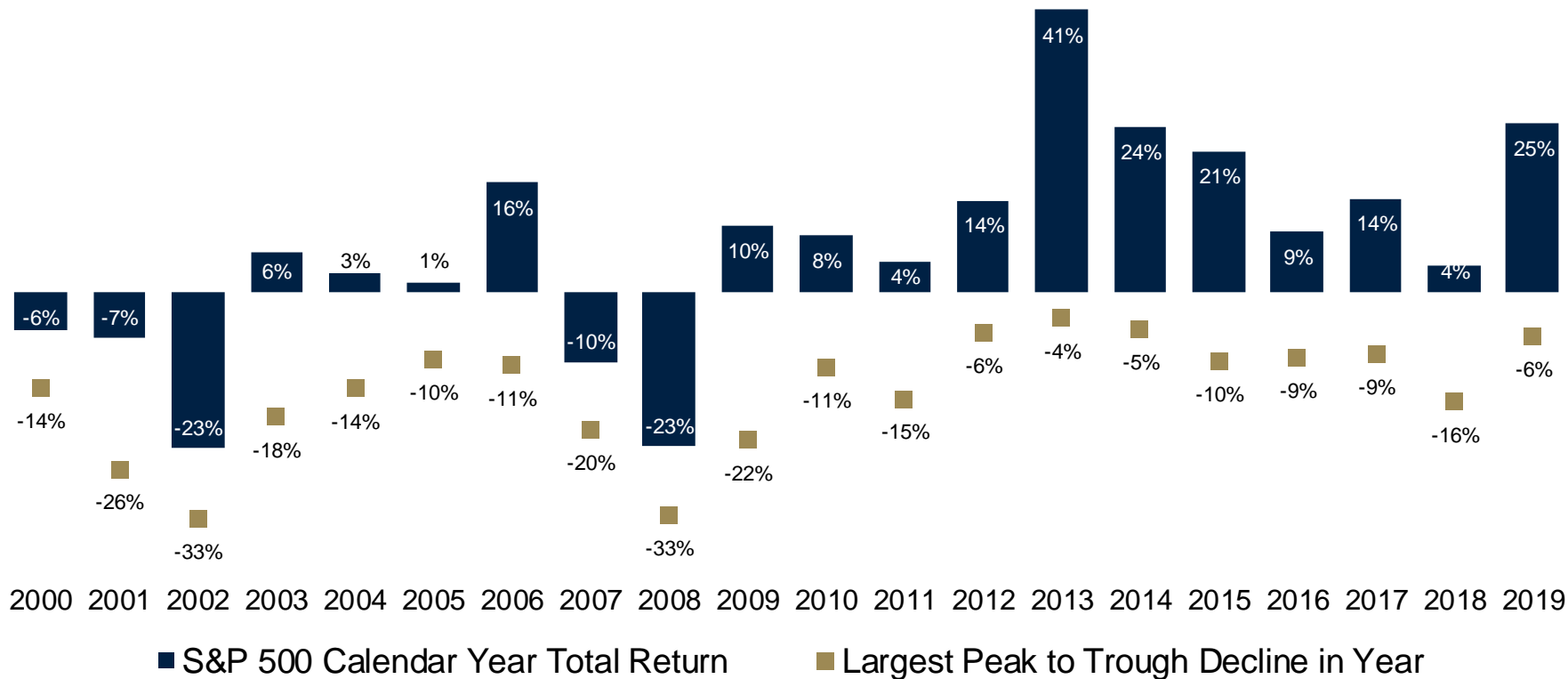


Source: Bloomberg & Morningstar Direct. Performance reflective of S&P/TSX Composite Index, denoted in Canadian dollars. Performance data as of December 31, 2019. An investment cannot be made directly into an index. The graph does not reflect transaction costs, investment management fees or taxes. If such costs and fees were reflected, returns would be lower. Past performance is not a guarantee of future results. The peak is measured at the highest level of the index during the year and the trough is its lowest level following the peak.

Even the good years have dark days

70% of years have 10% drawdown or more

S&P 500 Index



Source: Bloomberg & Morningstar Direct. Performance reflective of S&P 500 TR Index, denoted in Canadian dollars. Data as of December 31, 2019. 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. The peak is measured at the highest level of the index during the year and the trough is its lowest level following the peak.

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