RBC Investment UPDATE

January 2024 edition

The Basic Truths of Investing

The start of the year is an opportune time to take a detailed look at what you hope to achieve and make decisions on how to invest to help you meet your goals. Reflecting on the basic truths of investing is the first step in planning for a more prosperous year:

1. Mind your cash & diversify

Holding cash alongside your investments can help in case of emergencies. However, holding too much cash can chip away at your purchasing power due to inflation. The benefit of a diversified portfolio is that different asset classes and markets go up and down at different times, so combining them into a portfolio will smooth out investment returns over time. This can help you manage through volatile markets and stick to your long-term plan. Furthermore, diversified portfolios have the potential to generate returns that keep up with inflation or even stay well ahead.

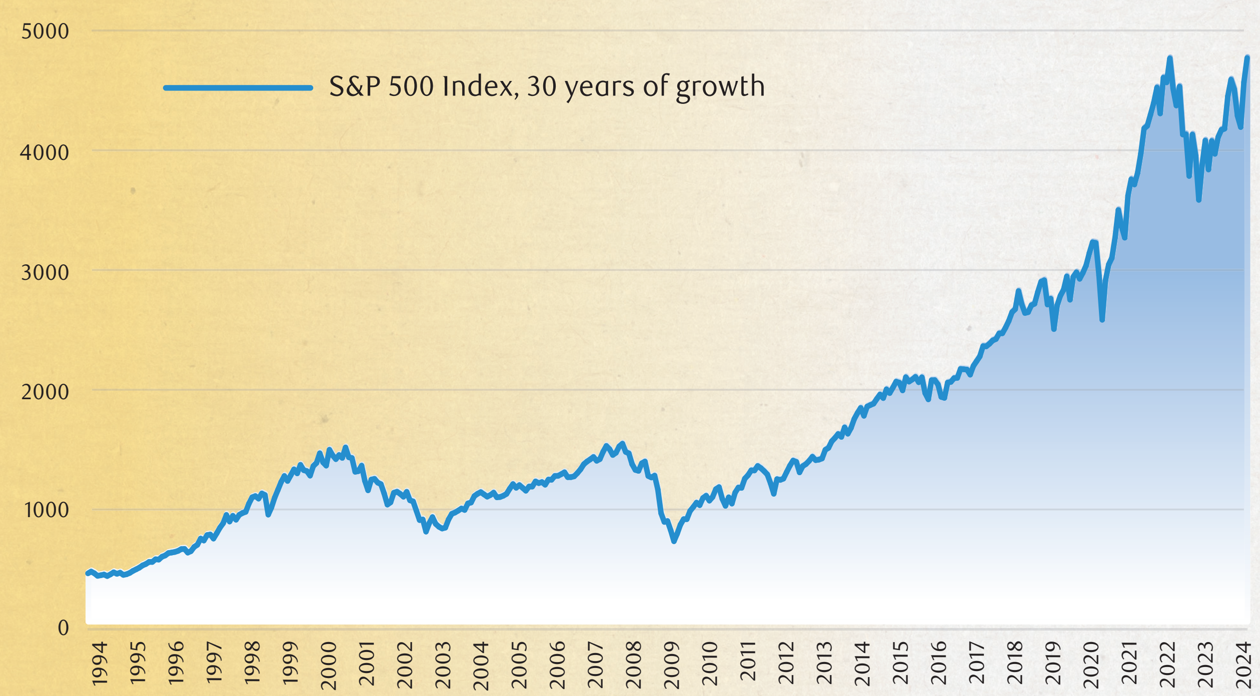
Asset Class	2019	2020	2021	2022	2023	Index
US Equities	31.5%	18.4%	28.7%	-18.1%	26.3%	S&P 500 Index
International Equities	22.8%	8.4%	11.9%	-14.0%	19.0%	MSCI EAFE Index
US High Yield Bonds	14.4%	6.2%	5.4%	-11.2%	12.6%	ICE BofA US High-Yield BB to B Index
Global Bonds	5.9%	10.1%	-7.0%	-18.3%	5.2%	FTSE World Government Bond Index
Cash & Equivalents	1.4%	0.0%	0.0%	4.0%	5.4%	US 30 Day Treasury Bill
Diversified Portfolio (50% Equities; 45% Bonds; 5% Cash)	20.1%	11.6%	13.2%	-14.6%	17.2%	

2. Don't time the market. Spend time in the market

Successfully timing the market involves making two decisions – when to get out and when to get back in. Even if you manage to find the right time to get out of the market (i.e. sell your investments when prices are at a high point), it's highly unlikely that you'll be able to get back in at the right time (i.e. purchase investments when prices are at a low point). Missing even a few of the strongest days in the market can have a significant impact on your overall investment returns.

3. Markets go through up and down cycles, but they have trended higher over the long term.

When markets turn choppy, you'll often see sensational news headlines that grab your attention. It's important to tune out the noise. Day-to-day changes in the markets shouldn't drive your long-term investing decisions. Remember, the longer an investment is held in a portfolio, the more likely you will see a positive rate of return. Historically, markets have recovered from downturns and trended higher over the long term because short-term fluctuations in asset value tend to smooth out over time as the impact of market volatility diminishes.



4. Markets are unpredictable, so focus on what you can control.

You have no influence over what the market is doing, so it is important to focus on what you can control. This includes keeping your emotions in check, staying invested and focusing on your financial goals. Over the long term, successful investing has less to do with the ups and downs of markets and more to do with how you react to that volatility.

What you can't control	What you can control
The stock market	Your financial goals
Inflation	Your risk tolerance
Geopolitical events	Your time horizon
Interest rates	How much you invest/save
News headlines	How you react to news headlines

5. The more frequently you check your portfolio, the more volatile it will feel.

It has never been easier to get up-to-date information on the status of your portfolio. But you must also remember that the more often you check it, the more volatile it will feel. Rather than checking your portfolio daily, check it quarterly, semi-annually or annually and stay focused on your long-term investing goals.

30 Years

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