



# Asset class diversification

Striking an appropriate balance between growth and stability

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Global Bonds 9.6%	EM Equities 51.6%	CDN Equities 17.6%	CDN Bonds 9.7%	EM Equities 15.6%	US Equities 41.6%	US Equities 24.4%	US Equities 20.8%	CDN Equities 21.1%	EM Equities 28.3%
CDN Bonds 6.4%	US HY Bonds 44.5%	US HY Bonds 14.3%	Global Bonds 6.5%	US HY Bonds 15.4%	INTL Equities 31.0%	<b>Balanced</b> 11.4%	INTL Equities 19.0%	US HY Bonds 14.3%	INTL Equities 16.8%
Cash 2.6%	CDN Equities 35.1%	EM Equities 12.7%	US HY Bonds 5.7%	INTL Equities 14.4%	<b>Balanced</b> 14.2%	CDN Equities 10.6%	<b>Balanced</b> 6.5%	US Equities 8.6%	US Equities 14.1%
<b>Balanced</b> -13.3%	<b>Balanced</b> 14.4%	US Equities 9.2%	US Equities 4.3%	US Equities 13.1%	CDN Equities 13.0%	Global Bonds 9.4%	CDN Bonds 3.5%	EM Equities 7.3%	CDN Equities 9.1%
US Equities -22.9%	INTL Equities 11.9%	<b>Balanced</b> 8.9%	<b>Balanced</b> 1.5%	<b>Balanced</b> 7.9%	US HY Bonds 7.1%	CDN Bonds 8.8%	EM Equities 2.0%	<b>Balanced</b> 6.5%	<b>Balanced</b> 8.8%
US HY Bonds -25.7%	US Equities 9.3%	CDN Bonds 6.7%	Cash 0.9%	CDN Equities 7.2%	EM Equities 3.9%	EM Equities 6.6%	Global Bonds 1.9%	Global Bonds 3.5%	US HY Bonds 6.4%
INTL Equities -29.6%	CDN Bonds 5.4%	Global Bonds 3.8%	CDN Equities -8.7%	Global Bonds 5.3%	Cash 1.0%	US HY Bonds 4.3%	Cash 0.6%	CDN Bonds 1.7%	CDN Bonds 2.5%
CDN Equities -33.0%	Global Bonds 1.1%	INTL Equities 2.5%	INTL Equities -10.3%	CDN Bonds 3.6%	Global Bonds 1.0%	INTL Equities 3.7%	US HY Bonds -2.7%	Cash 0.5%	Global Bonds 1.8%
EM Equities -41.6%	Cash 0.4%	Cash 0.4%	EM Equities -16.4%	Cash 0.9%	CDN Bonds -1.2%	Cash 0.9%	CDN Equities -8.3%	INTL Equities -2.5%	Cash 0.6%

Fixed income			Equities				Cash	Balanced
CDN Bonds	US HY BONDS	Global Bonds	CDN Equities	US Equities	INTL Equities	EM Equities	Cash	Balanced
Canadian Bonds	U.S. High-Yield Bonds	Global Bonds	Canadian Equities	U.S. Equities	International Equities	Emerging Market Equities	Cash	Balanced Portfolio
FTSE TMX Canada Universe Bond Index	ICE Bank of America Merrill Lynch US High-Yield BB-B TR Index	FTSE World Government Bond TR Index	S&P/TSX Composite Total Return Index	S&P 500 Total Return Index	MSCI EAFE Total Return Index	MSCI Emerging Markets Total Return Index	FTSE TMX Canada 30 Day T-Bill Index	55% Equity / 45% Fixed Income

No one can reliably predict how a particular asset class will perform in any given year. Financial markets do not move in concert with one another; individual asset classes (cash, fixed income and equities) will perform differently in any given year and at any time one asset class may be leading the market while others lag.

As you can see, there were years when equities led market returns and years when fixed income led the market. There were also periods when the lowest performer from one year went on to lead the market the next year. Cash has never led the market in any one-year period over the past decade; however, it is also the only asset class to have never experienced a negative return.

Markets will always go up and down in the short term. Investing in a diversified mix of equities, fixed income and cash can help steer you through every market condition and help protect you from short-term market declines. Assets that increase in value can compensate for others that may be standing still or decreasing, thereby helping to reduce risk and smooth out the returns in your portfolio over the long term.

Your advisor can review your individual investment goals to help you establish the right asset mix based on your needs.

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Source: RBC Global Asset Management Inc. All performance is in C\$. TR represents total return.

Balanced Portfolio represented by 2% Cash, 43% Fixed Income, 19% Canadian Equities, 20% U.S. Equities, 12% International Equities and 4% Emerging Market Equities.

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