Regular investing

An approach to building wealth.

Wealth Management

Regular investing enables investors to apply the disciplined savings-first approach needed to help successfully build wealth over time. And by using the valuable investment strategy of dollar-cost averaging (DCA), regular investing can be an effective way to invest in many market conditions.

A sound way to invest over the long term

There will always be investors who are tempted to stop investing during periods of heightened market volatility. Investing regularly enables anxious investors to ease into any type of market.

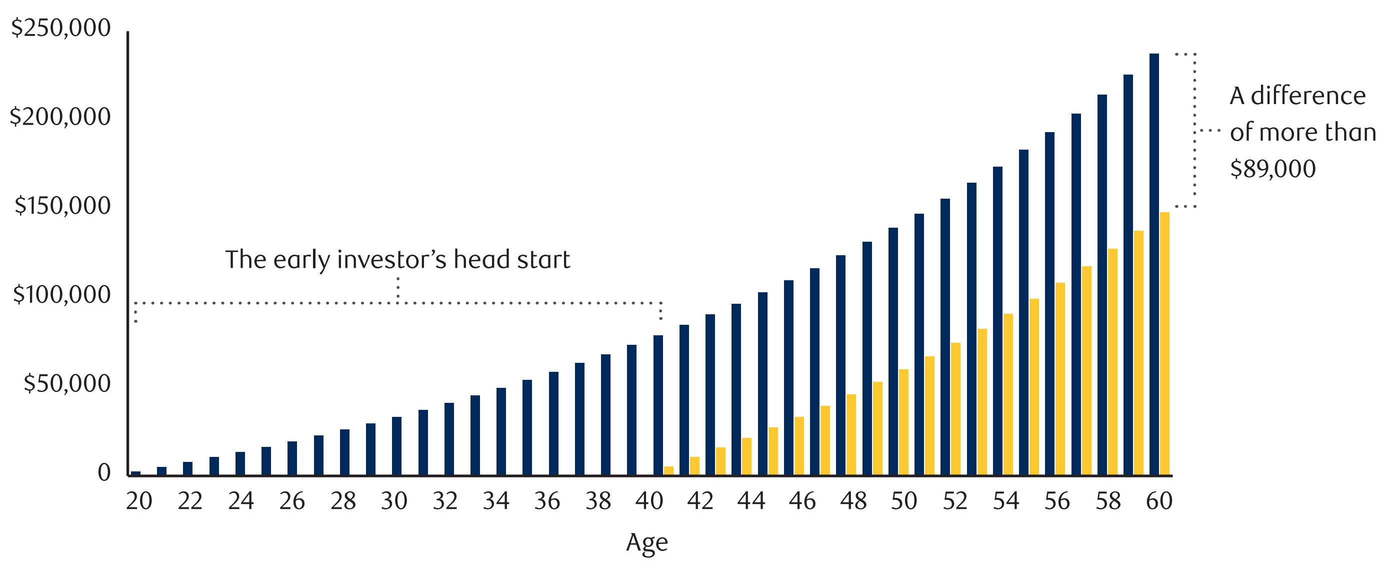
However, building wealth is not simply about saving. Knowing how much, how long and what to invest in is just as vital in order to successfully reach your financial goals. Long-term success is more likely to be the result of time in the markets rather than timing the markets.

Invest early, invest often

Using the chart below, let's take a look at two different types of investors:

- The early investor invests $200/month from age 20 until age 60.
- The late investor invests $400/month from age 40 until age 60.

Investing early can pay off over the long term



Source: RBC Global Asset Management. Assumes 4% per year investment return.

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By age 60, both investors will have invested a total of $96,000. Assuming an annual investment return of 4%, the early investor will have accumulated over $237,000 by age 60, while the late investor will have accumulated about $148,000 by the same age—a difference of more than $89,000 just by starting to invest earlier. While this example uses a simple rate of return, the difference could be more pronounced when investing in the markets, where the strategy of DCA can be used.

Invest regularly

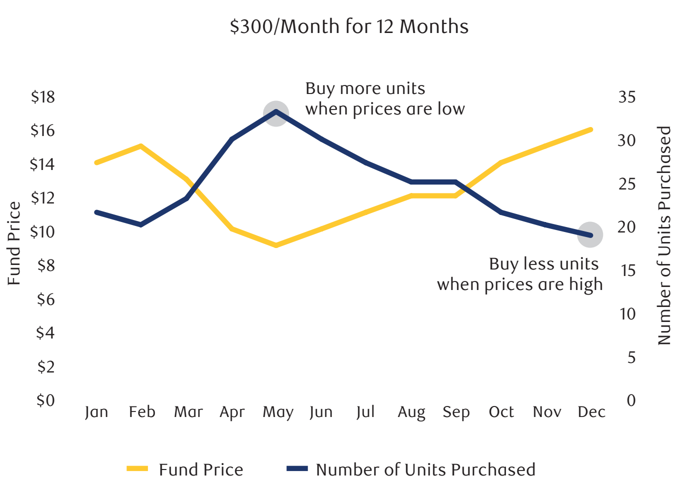
Investing a fixed amount on a regular basis helps ensure that your investment strategy remains a priority through all types of market conditions.

By contributing smaller amounts of money to an investment plan on a continual basis (bi-weekly, monthly), regular investing can act as an anchor to help you maintain discipline when market conditions become volatile.

Regular investing also provides the opportunity to help smooth out returns over time, ultimately reducing overall portfolio volatility. This is achieved because investing a fixed dollar amount on a regular basis gives you a chance to buy more investment units when prices are low and fewer units when prices are high, thereby producing a more level investing experience over the long term.

Talk to your financial advisor about how to take advantage of regular investing, including implementing DCA as a strategy in your long-term wealth management plan.

Investing regularly in a fluctuating market



Source: RBC Global Asset Management Inc. For illustrative purposes only.

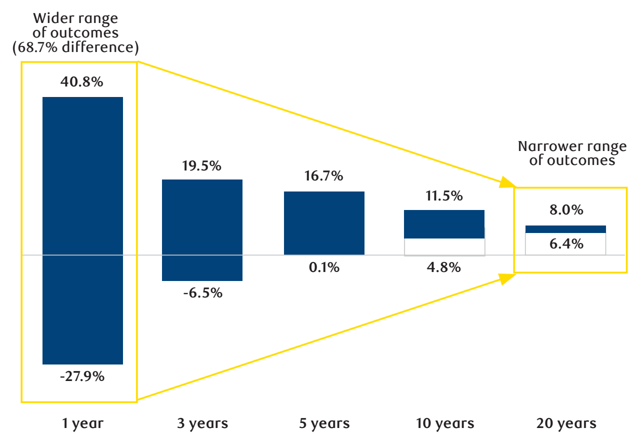
*Fund prices are hypothetical.

Use time to your advantage

Investors who maintain perspective and stay mindful of their investment time horizon have a better chance of reaching their investment goals than those who react to short-term market fluctuations.

Staying invested and trying not to "enter and exit" the markets when volatility increases can help reduce fluctuations over the long term. The longer an investment is held in a portfolio, the less chance it has of incurring a negative rate of return. This is because historically fluctuations in value tend to smooth out over time as the impact of market volatility diminishes. Moreover, years of strong equity markets can outweigh periods of decline, resulting in long-term returns that outperform other asset classes.

Over time, a diversified portfolio tends to experience lower volatility



Rolling 1-, 3-, 5-, 10- and 20-year average annualized returns from January 2001 to December 2023. All returns are in U.S. dollars. Diversified portfolio represented by 2% Cash, 38% Fixed Income, 60% Equities. Cash represented by U.S. Treasury Bills. Fixed Income represented U.S. Aggregate Government Related Index (10%); U.S. Aggregate Investment Grade Index (14%); U.S. Aggregate High Yield Index (5%); Global Aggregate (9%). Equities represented by S&P 500 Total Return Index (24%); S&P Midcap 400 Index (9%); S&P Small Cap 600 Index (3%); MSCI EAFE Net Total Return USD Index (20%), MSCI Emerging Markets Index (4%).

Source: Morningstar, RBC Global Asset Management.

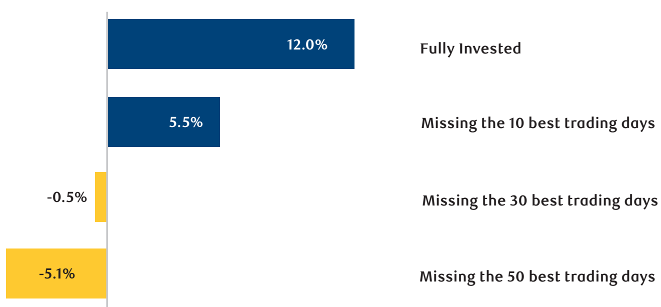
Maintain discipline

Reacting to short-term market "noise" by making dramatic portfolio changes, like moving in and out of the markets, can have a negative impact on achieving your long-term investment goals. History shows that by maintaining discipline and perspective during market downturns, patient investors have been rewarded when markets returned to an upward path.

As market volatility increases, investors have a natural tendency to want to move into safer investments, hoping to avoid further losses. However, this move can result in needlessly locking in losses on investments that, given time, are likely to recover. A key to overcoming this tendency is to refrain from trying to time the market. Selling at the wrong time and missing just a few days of a market recovery could have a significant long-term impact on your portfolio.

Historically, why it's best to stay invested

Missing just 10 best days in the market over the past 10 years would have reduced returns



Based on the annualized returns of the S&P 500 Total Return Index for 10 years, ending December 31, 2023.

Source: Morningstar, RBC Global Asset Management.

Where do you go from here?

The three strategies outlined above can help you stay focused and feel confident about reaching your long-term investment goals. Talk to your financial advisor about these strategies to help ensure you stay the course and maintain confidence through all types of markets.

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Past performance does not guarantee future results.