RBC Investment UPDATE

April 2024 edition

Making it to the top of the Bamboo Cathedral

At the beginning of each year, many people set an ambitious fitness goal for the next twelve months, such as losing 50 pounds or being able to run all the way to the top of the Bamboo Cathedral without pausing for a break. An experienced personal trainer will tell his or her client, *"Take it one step at a time. Don't worry about the long distance between where you are now and the top of the Bamboo Cathedral. Just focus your attention on making one more step."*

This type of fitness advice also applies when it comes to investing.

Don't be afraid to get started

One of the major reasons investors, especially new investors, fail to achieve their financial goals is they are constantly delaying investing due to not having large sums, or not being sure when the "right time" to invest is. The truth is the amount of money you start with doesn't matter much. Small contributions are more than enough to begin the journey. The most important thing is to get started now.

One step at a time

Along the way, you may feel like your goals are too big or far away to achieve. It is crucial to remember that no matter how small your contributions are, if you are consistent, the difference will show in the long run.

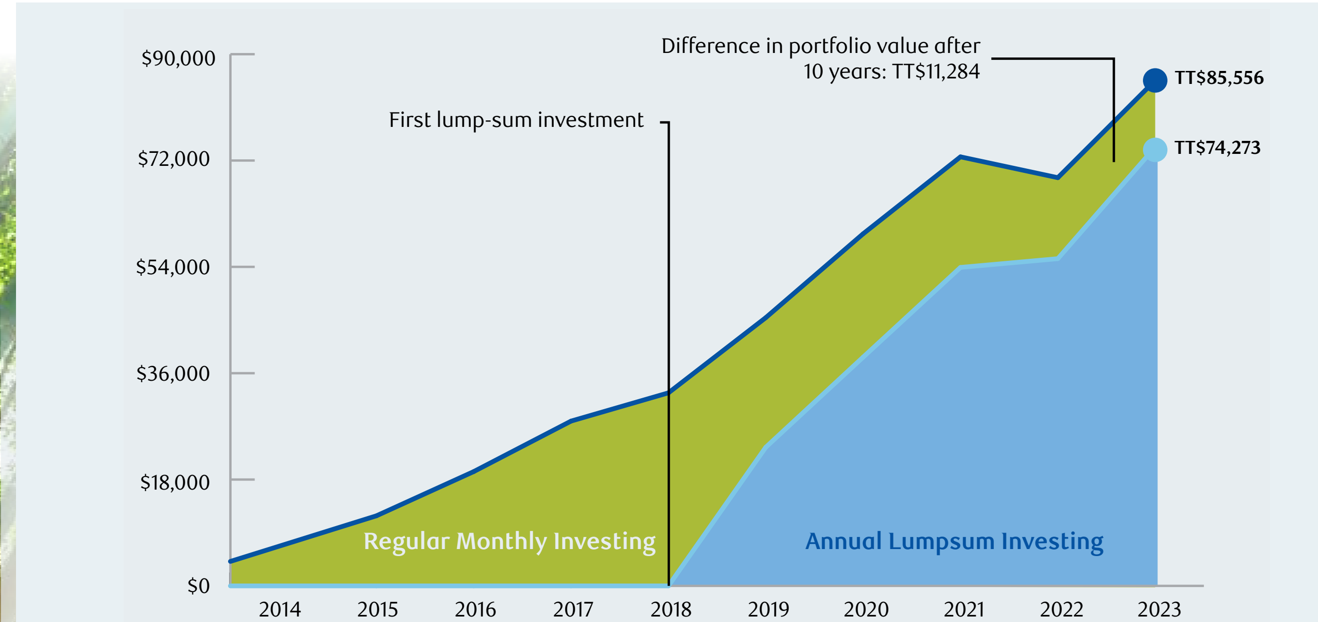
Dollar Cost Averaging (DCA)

The term "dollar cost averaging" refers to what happens when you invest a fixed amount at regular intervals regardless of market performance. When markets are down, you automatically take advantage of the opportunity to buy more units of your investment at a lower price. When markets are doing well, the money you've already invested is benefiting from that performance. The discipline of regular periodic investments puts the power of dollar cost averaging to work for you and can limit the impact of emotional investing during periods of market volatility.

For example, suppose that in January 2013, you had to choose between the following two investment strategies:

- **Consistent monthly investments (Dollar Cost Averaging):** You start investing $500/month ($6,000/year) in the Roytrin TTD Income & Growth Fund and keep investing that amount consistently for 10 years. This results in a total contribution of $60,000 over 10 years.
- **Annual lump-sum investments:** Since you think a $500 monthly contribution is too little to invest, you wait until 2019 when you have $20,000 to start and then invest annual lump-sums of $10,000 at the beginning of each year. This also results in a total contribution of $60,000 over 10 years.

The chart below shows the gap in returns between these two strategies over the period of 10 years. What you'll notice is, even though you invested the same total amount of money, the monthly strategy produced over $11,284 more than the other.



RBC's Investment Opportunities:

	Cash and equivalents	Fixed Income	Balanced Portfolio	Equities
RBC Royal Bank	Term Deposits Roytrin Money Market Fund	Roytrin Income Fund Roytrin High Yield Fund	Roytrin Income & Growth Fund	
West Indies Stockbrokers		Global bond markets	Customised Investment Portfolio - Balanced (Income) Customised Investment Portfolio - Balanced (Growth)	Global stock markets Customised Investment Portfolio - Growth

Key Takeaways:

- ✔ A strategy of investing monthly produces better performance than waiting to accumulate a large amount of money to invest.
- ✔ Having strong investment performance in the long run does not necessarily need a large initial investment. Small consistent contributions can achieve great results because time is on your side.
- ✔ "Time in the market" is more important than "timing the market."

Final thoughts

Achieving financial goals takes patience and time. Sometimes the best advice might be to worry less about the broad end-goal of retirement or buying a new home. Instead, focus on the small steps, like regular contributions, that will get you there.

Contact Us

If you would like more information about our investments products, please call RBC Royal Bank at **800-1RBC (1722)** or West Indies Stockbrokers at **628-WISE (9473)**. We look forward to assisting you.