

# RBC Investment UPDATE

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## Ideas on how to fill your financial tank

Containing leaks and finding ways to top up your savings is the best way to ensure your tank keeps filling. But how do you do that?

1. **Stay invested:** Financial markets are inherently volatile and experience extended downturns from time to time due to a variety of factors. If your investment horizon permits, stay invested during a market downturn, rather than selling your assets at low prices. Historically, markets have always recovered and trend higher over the longer term.



2. **Ensure you have the right mix of savings and investments instruments:** Reviewing your portfolio regularly with your advisor will help to ensure you have the right asset mix to meet your goals. This includes diversifying your portfolio across different asset classes, geographical markets and industries which can help reduce risk and better position you to achieve growth while limiting the impact of market ups and downs.
3. **Set up automatic subscriptions to your mutual fund accounts and your deferred annuity plan:** Setting up recurring subscriptions can help you to invest automatically without thinking about it. This strategy is called Dollar-Cost Averaging and it can reduce the overall impact of price volatility and reduce the average cost per unit.
4. **Look for opportunities to increase your monthly savings rate:** Whenever you get a salary increase or pay off a loan, increase the amount you save or invest on a monthly basis. Even small increases in your monthly savings can help further fill your tank, putting your extra cash to work.

## Filling your financial tank



Imagine a water tank that is steadily filling up with water. Now think of this water as your overall wealth. Your main water supply might come from your salary.

With careful budgeting and discipline, your savings help fill the tank. As time passes, the return on your investments also helps to add water. But the tank doesn't just fill up, it drains, too. And sometimes it may leak. This could be from planned or unplanned expenses. Losses in the market can also act like leaks, particularly if you've sold investments at a loss during a market downturn.

While no one likes them, leaks do happen from time to time. What matters most is the amount of water you keep in the tank. In financial terms, how do you continue to build on your savings and investments when markets are volatile?

### Filling your tank

1. **What is the main water supply for your tank?**
  - Savings from your salary / annual bonus
  - Returns on your investments
  - Financial gifts / inheritance

2. **Any leaks?**
  - unplanned expenses
  - taking losses on your portfolio by selling assets during a market downturn



3. **Can you top up your savings?**
  - Increase your savings to offset any leaks
  - Make contributions to your deferred annuity or pension plan to save for your retirement while benefiting from a tax break

4. **Retiring soon?**
  - Now is the time to start slowly draining your tank

### Investing is easier with the RBC Digital Banking App

- ✓ You can set up recurring digital banking transfers to your existing Roytrin mutual fund holdings or savings accounts anytime.
- ✓ As always, your balances and holdings are also at your fingertips.

### Important Tip

Over the course of your investment time horizon there will be many moments when the water level will rise and fall. But don't let leaks prevent you from reaching your investment goals. Meeting regularly with your advisor can help you stay on track.

### 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.

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