

# Maintain discipline

## TO STAY FOCUSED ON THE LONG TERM

### WHY IT'S BETTER TO STAY INVESTED

Responding to short-term market events by making dramatic changes to your portfolio makes it difficult to stay on course toward your investment goals. The table to the right shows just how costly it can be to become distracted by short-term market ups and downs.

MISSING JUST THE 10 BEST DAYS IN A 10-YEAR PERIOD WOULD HAVE CUT THE AVERAGE ANNUAL RETURN OF AN INVESTMENT IN THE S&P/TSX ALMOST IN HALF.

|                               | Annual return |
|-------------------------------|---------------|
| Staying invested              | 9.5%          |
| Miss the 10 best trading days | 5.2%          |
| Miss the 30 best trading days | -0.9%         |
| Miss the 50 best trading days | -5.4%         |

Based on returns of the S&P/TSX Composite Total Return Index for 10 years ended December 31, 2007.

### OPPORTUNITIES OFTEN FOLLOW MARKET DOWNTURNS

| Year | Return | Return in following year | Average return for next 5 years |
|------|--------|--------------------------|---------------------------------|
| 1974 | -25%   | +18.5%                   | +22.3%                          |
| 1981 | -10.2% | +5.5%                    | +13.7%                          |
| 1990 | -14.8% | +12.0%                   | +10.8%                          |
| 2002 | -12.4% | +26.7%                   | +18.3%                          |

Based on returns of the S&P/TSX Composite Total Return Index.

WHILE MANY INVESTORS WANT TO TAKE ACTION DURING A MARKET DOWNTURN, HISTORY SHOWS US THAT THE DISCIPLINED, PATIENT INVESTOR WILL OFTEN BE REWARDED AS MARKETS RETURN TO THEIR UPWARD PATH.

No one can predict market tops or bottoms and trying to do so is extremely risky for two key reasons:

1. Responding to a market decline by selling an investment guarantees a loss that only existed on paper.
2. Short-term thinking can prevent you from participating in any gains when the market bounces back.

As the chart at left shows, major declines have generally been followed by major recoveries.

To find out more about the comprehensive line-up of RBC Funds, talk to your advisor.



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