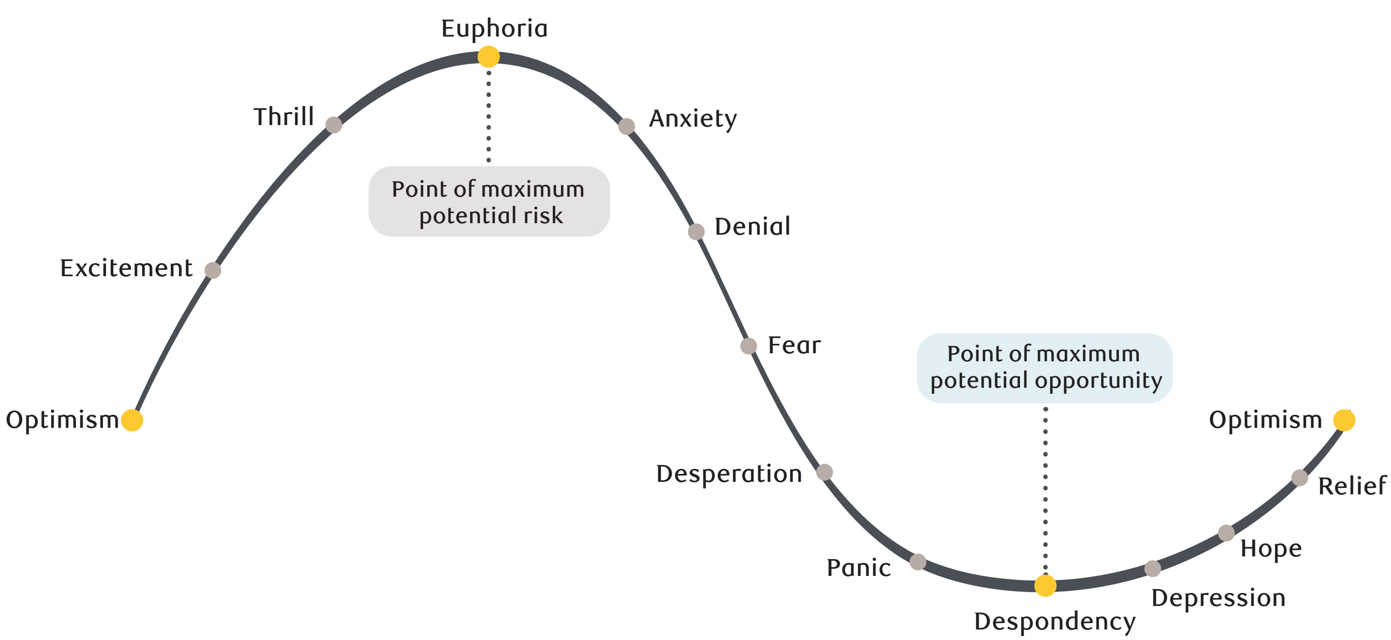
The cycle of market emotions

RBC Wealth Management

Human emotion drives financial markets as much or more than market fundamentals. As your investments grow, your confidence grows. And while you don't know exactly where the top of the market is going to be, there is a feeling of euphoria when returns are favorable. This is also the point of maximum potential risk for your portfolio. Conversely, as your investments lose value, your confidence diminishes and you begin to feel nervous. And while you don't know exactly where the bottom of the market is going to be, there is a feeling of despondency when returns are unfavorable. This is also the point of maximum potential opportunity.

A diversified portfolio can help protect you from the extreme highs and lows of market volatility, which in turn can help prevent you from feeling extreme emotions as your portfolio expands and contracts. To review your asset allocation, talk to your financial advisor.



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20-68-03079_68218 (02/20)