



The power of dividends

Offering a proven strategy

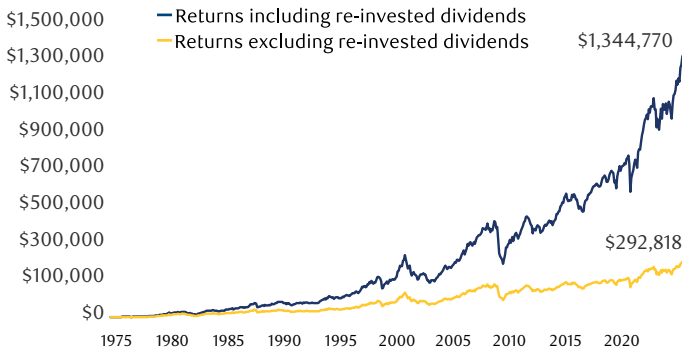
Historically, dividends have helped investors gain reliable income and growth from their investment portfolios. The boost that dividends provide can help mitigate the effects of market volatility on a portfolio, thereby helping investors feel more comfortable with their equity investments and stay invested through turbulent times. Moreover, many companies are able to grow their earnings and reward investors by increasing their dividend payouts, which can lead to share-price gains and help income investors stay ahead of inflation.

Dividends play a key role in long-term returns

Dividend-paying companies represent a significant portion of the Canadian equity market and are typically well-established, soundly managed companies with stable businesses. Dividends can also be an important part of a portfolio's total return, helping to offset losses in times of market declines, while boosting portfolio returns when markets are rising.

Dividends have consistently and significantly contributed to total returns, year after year

Growth of \$10,000 invested in S&P/TSX Composite Index



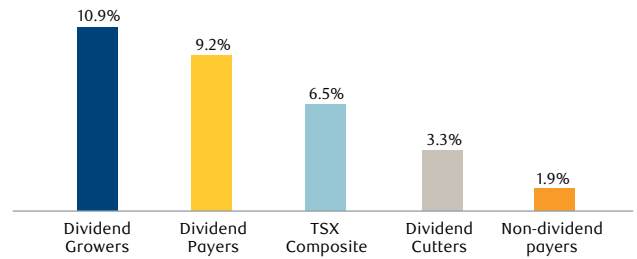
Source: Morningstar Direct. For the 50-year period January 1975 – December 2024. Returns including re-invested dividends = S&P/TSX Composite Total Return; Returns excluding re-invested dividends = S&P/TSX Composite Price Appreciation.

The power of dividends

As the charts below illustrate, the shares of companies that pay dividends during the year have historically outperformed the index

Dividend-paying stocks have outperformed¹

Compound annual total returns (1986 - 2024)

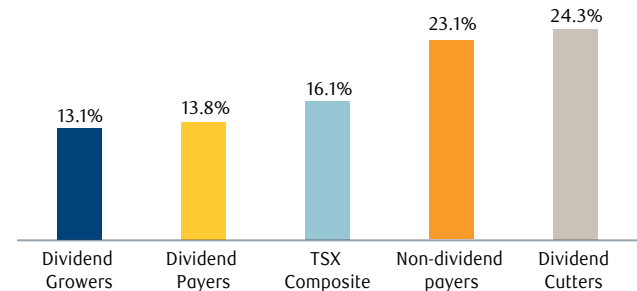


Performance from October 31, 1986 – December 31, 2024. Equal Weighted Equity Only Total Return Indexes. Source: RBC Capital Markets Quantitative Research, RBC GAM. An investment cannot be made directly into an index. The graph does not reflect transaction costs, investment management fees or taxes. If such costs and fees were reflected, returns would be lower. Past performance is not a guarantee of future results.

Additionally, shares of companies that pay dividends have historically shown lower volatility than those that did not in the same year.

Dividend-paying stocks have displayed lower volatility¹

Annualized volatility (1986 - 2024)



Performance from October 31, 1986 – December 31, 2024. Equal Weighted Equity Only Total Return Indexes. Source: RBC Capital Markets Quantitative Research, RBC GAM. An investment cannot be made directly into an index. The graph does not reflect transaction costs, investment management fees or taxes. If such costs and fees were reflected, returns would be lower. Past performance is not a guarantee of future results. Standard deviation is a commonly used measure of risk and is applied to the annual rate of return of an investment to measure the investment's volatility. Standard deviation shows how much the return on an investment is deviating from expected normal returns. A higher standard deviation indicates a greater variability in investment performance.

¹Dividend growers, dividend payers, dividend cutters and non-dividend payers are determined yearly and sourced from the S&P/TSX Composite Index. Dividend growers represent stocks with a positive 12 month change in dividends paid; dividend payers represent stocks with a dividend yield greater than zero; dividend cutters represent stocks with a negative 12 month change in dividends paid; non-dividend payers are stocks that have a dividend yield of 0.

Get a head start with dividends

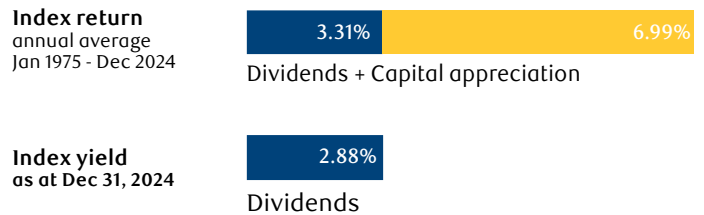
Over the past 50 years, dividends have contributed an average of 3.3% per year to the S&P/TSX Composite Total Return Index, representing approximately thirty percent of the average annual total return.

While no one knows exactly when markets will move up or down, dividend income can help deliver consistent cash flow to investors. It can also provide exposure to compelling growth opportunities that emerge amid solid corporate earnings and improving global economic growth.

Dividend paying equities can also offer a yield premium over Canadian government bonds and may offer more favourable tax treatment.

Dividends give your portfolio a head start

S&P/TSX Composite Total Return Index yields and capital appreciation



Source: Morningstar Direct. Bloomberg. For the 50-year period January 1975 – December 2024.

Talk to your advisor for more information about the role dividends can play in your portfolio.

[Explore our lineup of dividend mutual funds.](#)

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