




## Get started with fixed income ETFs

Exchange-traded funds (ETFs) first appealed to equity investors due to their efficient access to the world's stock markets. Fixed income is a fast-growing ETF segment as investors continue to recognize that the potential benefits of ETFs – diversification, low cost and liquidity – also apply to this asset class.

Diversification	Low cost	Efficient access and liquidity
Fixed income ETFs provide exposure to a basket of diversified bonds. Investors can access thousands of bonds through a single ticker.	RBC iShares fixed income ETFs have an asset-weighted average MER of 0.27%. Some Core ETFs, such as XBB and XSB, have a MER as low as 0.10% <sup>1</sup> .	Fixed income ETFs can help overcome some of the challenges of trading individual bonds and enable investors to access a range of broad and targeted exposures.

## What role do fixed income ETFs play in a portfolio?

When managing a fixed income allocation within a portfolio, you need to know what role each holding plays in order to optimize your overall asset mix.

Role in a portfolio	Fixed income characteristics	ETF examples <sup>2</sup>
 <b>Equity diversification</b> Protection when stocks sell off	Longer duration, high quality, investment grade	XBB XGB XLB
 <b>Capital preservation</b> Stability and consistent returns across all markets	Low duration, investment grade	CMR XFR XSB RLB RCDB
 <b>Income</b> Higher income, especially in a low-rate environment	Credit, high yield	XIG XHY CSD XEB

<sup>1</sup> The asset-weighted average MER is the sum of the expenses paid by each RBC iShares Fixed Income ETF as reflected in its management expense (in dollars), divided by the total assets of the RBC iShares Fixed Income ETFs. The MER for each individual RBC iShares Fixed Income ETF is as reported in its most recent MRFP, and may be higher or lower than the asset-weighted average MER.

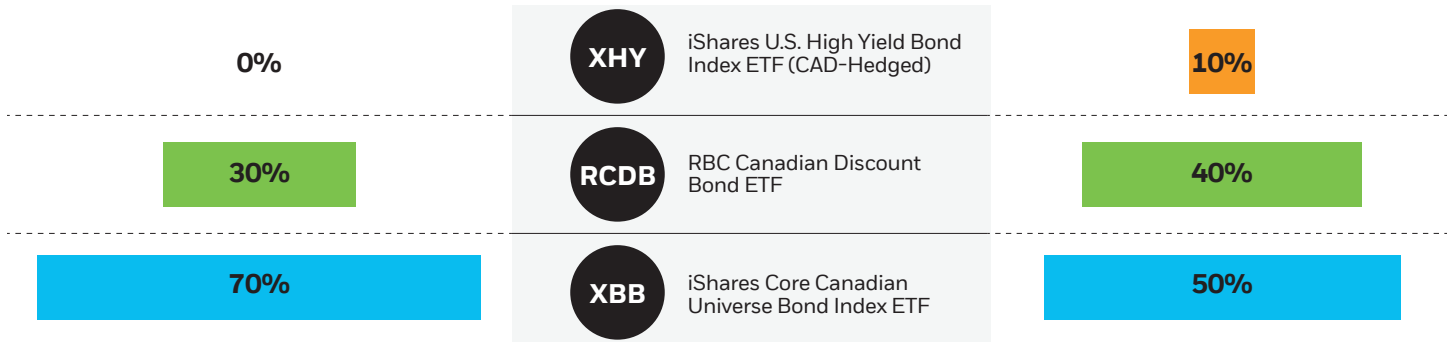
<sup>2</sup> For illustrative purposes only.

## Tailor your fixed income ETFs to your overall portfolio

Consider blending various fixed income ETFs to build more diversified bond portfolios. The more aggressive the overall portfolio gets, the more conservative the bonds may need to be. We illustrate the fixed income component of two portfolios using RBC iShares ETFs.

**For aggressive portfolios with mostly equities, a more conservative approach for the fixed income allocation may be appropriate**

**For balanced portfolios with a 60/40 equity / fixed income split, a diversified mix of fixed income may be appropriate**



For illustrative purposes only.

● Income ● Capital preservation ● Equity diversification

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