



Broccoli for your portfolio

The key to building your portfolio is investing in a range of asset types from equities to fixed income. Much of what you'll read about diversification focuses on how to diversify the equities in your portfolio but fails to mention the fixed-income portion.

Most of the time, bond funds are recommended to fulfill the fixed income component of a portfolio. But, a diversification strategy can also be applied to fixed income.

An easy way to diversify your fixed-income component is to add Guaranteed Investment Contracts (GICs) to the mix. Unfortunately for many investors, GICs are like broccoli. You know they're good for you and you know you should have some, but you're not sure you like them. And you're right – GICs aren't the most exciting investment, but they can be good for you and your portfolio.

GICs are one of the most secure investments available.

Like bond funds, GICs can reduce overall volatility and give your portfolio more consistent returns. They can provide long-term rates similar to bond funds but with less volatility. In addition, GICs can guarantee that a portion of your portfolio is always growing.

Here's a quick comparison:

GICs	Bond Fund
<ul style="list-style-type: none"> GIC returns are always positive GIC returns are guaranteed (and pre-determined) so they can add diversification to equity portfolios GICs can take advantage of long-term rates while providing liquidity by laddering long-term GICs¹ 	<ul style="list-style-type: none"> Bond funds can have excellent returns, especially when rates are falling. When rates are rising, returns may be less attractive Bond funds typically have positive returns when equities are performing poorly but less attractive returns when equities are rising

¹Early redemption fees may apply if a GIC is redeemed before maturity.

GICs and bond funds are very different fixed income investments and, together, can provide more security and consistent returns for your investment portfolio.





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