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Retirement resource centre

Looking to learn more about how to save for retirement, or how to prepare for transition into retirement? No matter what stage of life you're in, our online resource centre of educational articles, tools and checklists will help you stay informed and up-to-date on retirement trends, saving strategies and investing tips.

To learn more, visit www.rbcgam.com/resourcecentre

A timely approach to investing for retirement

Managing equity exposure for a stronger financial foundation

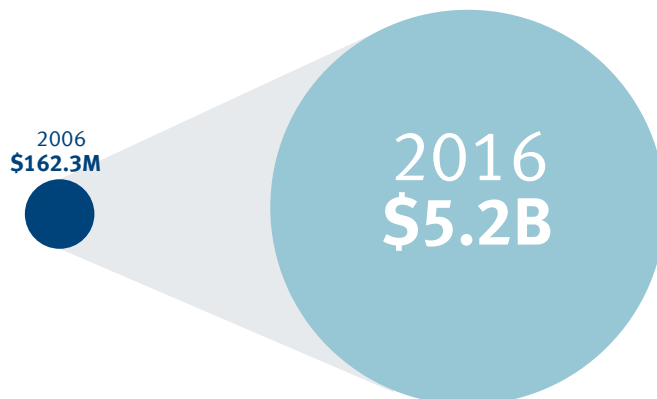
Whether you've just made your first RRSP contribution or are currently drawing income from the nest egg you've built, RBC Retirement Portfolios focus on where you are on your retirement journey. The Portfolios aim to deliver the investment experience you need to meet your goals.

Target-date funds: a primer

Solutions like RBC Retirement Portfolios are sometimes referred to as target-date mutual funds. These funds have grown steadily in popularity over the last decade, especially within Defined Contribution (DC) pension plans, and are one of the most convenient and effective ways of building wealth for retirement.

Target-date funds designed for retirement fall into two categories – 'target to' and 'target through'. 'Target to' funds focus on a future date that roughly matches the year you will retire. Most 'target to' funds begin with a peak allocation to equities (70% to 90%), and gradually reduce it in favour of fixed income as the target date approaches, an incremental asset allocation shift commonly referred to as a 'glidepath.' Once the target date arrives, the funds typically have a 100% allocation to cash. At RBC Global Asset Management, we employ this approach in our RBC Target Education Funds.

Growth in Target-Date Assets in Canada



Source: Morningstar Direct. As of December 31st, 2016.

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Refining the target-date approach

In our view, a 'target through' approach is more suitable in an environment of lower yields and extended lifespans where you may spend many more years in retirement than previous generations did.

Most target-date funds, including RBC Retirement Portfolios, now maintain a meaningful allocation to equities past the target date. This allows for continued growth potential – up to and through retirement – reducing the possibility of running out of money during retirement and helping to deliver regular and sustainable cash flow.

For those just starting out

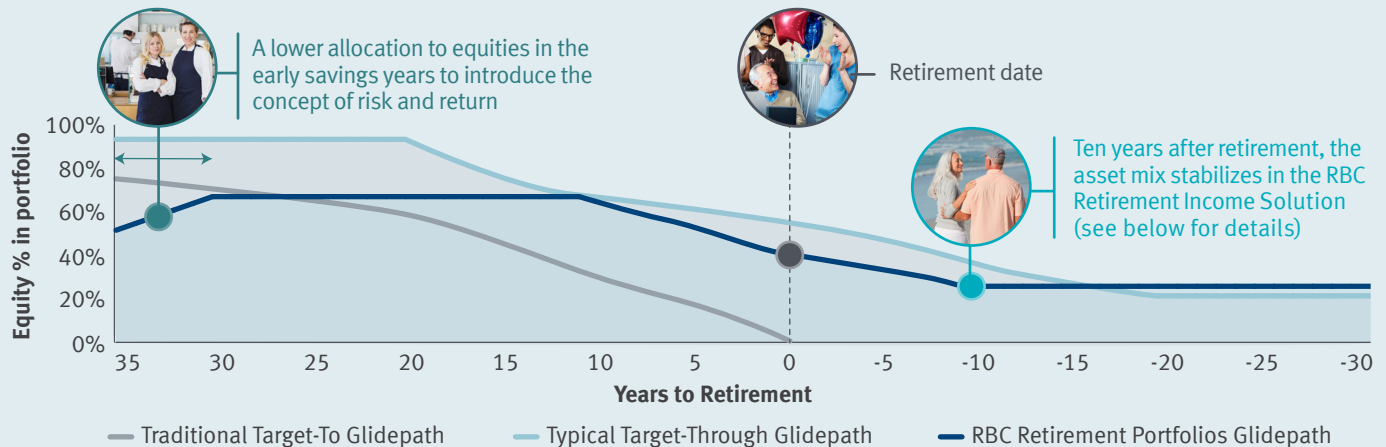
Another distinct characteristic of RBC Retirement Portfolios is the ability for those new to investing to ease into a higher

equity allocation by working their way up from a more conservative starting point (e.g., 50% equity allocation) rather than starting at a peak allocation like other target-date funds. This gives you a few years of exposure to equity markets before ramping up the equity allocation to reflect risk levels for your investing time horizon, helping you meet your long-term financial goals.

Whether you're currently retired or retirement is 35 years away, RBC Retirement Portfolios maintain equity exposure beyond your expected retirement date, which can enhance your ability to fund both your essential and lifestyle spending needs after you transition to your next life stage. Please speak to your RBC advisor or visit rbcgam.com/retirement for more information.

A precision-engineered retirement solution

The graph below compares traditional target-date glidepaths to the RBC Retirement Portfolios timeline that both eases new investors into the equity markets and retains an equity allocation in retirement.



Source: RBC Global Asset Management Inc. For illustrative purposes only. Target allocation of the Fund may vary in accordance with the targets outlined in the Prospectus.



RBC RETIREMENT INCOME SOLUTION

As you approach retirement, or if you are already retired, your focus shifts from an emphasis on the growth potential of your portfolio to the need for regular, sustainable cash flow. Ten years after your expected retirement date, your RBC Retirement Portfolio will transition to RBC Retirement Income Solution. With a conservative asset mix that favours short-term fixed income and low-volatility equities, RBC Retirement Income Solution is designed to meet your cash flow needs. While the fixed-income component brings a greater degree of stability to the portfolio, the growth potential of the equity allocation contributes to the sustainability of your portfolio throughout retirement.

Participating in Canada's economic growth

On July 1, Canada celebrated its 150th birthday. To commemorate Canada's sesquicentennial year, we take a look at your participation in some of Canada's greatest and most innovative companies as an investor in RBC Retirement Portfolios.

Driven largely by its abundant natural resources, Canada relied heavily on demand from Europe and its expanding transportation system of canals and railways to grow its economy and gain independence as a nation.

Population: 3,463,000

Canada is closely integrated with global markets. The Financials and Energy sectors have grown to become dominant economic forces and together account for more than 50% of the S&P/TSX Composite Index's market capitalization.

Population: 36,286,425



True North Strong & Free: Canada within RBC Retirement Portfolios

The portion of your RBC Retirement Portfolio allocated to Canadian securities changes over time as we pursue the best global investment opportunities available. Actively diversifying across geographical regions can help to increase potential returns and manage the volatility of the portfolio. Canada's rich history, combined with notable strength in the Energy and Financials sectors, means it's no surprise that there is always a meaningful allocation to Canada in your portfolio. As we honour Canada's 150th birthday, let's celebrate the fact that our country's economic history is infused in the DNA of the companies whose stocks and bonds are part of your RBC Retirement Portfolio.

	Canadian Fixed Income	Canadian Equity
RBC Retirement 2020 Portfolio	29.5%	16.1%
RBC Retirement 2025 Portfolio	20.5%	20.3%
RBC Retirement 2030 Portfolio	16.4%	22.0%
RBC Retirement 2035 Portfolio	14.5%	21.9%
RBC Retirement 2040 Portfolio	13.2%	21.3%
RBC Retirement 2045 Portfolio	12.6%	21.0%
RBC Retirement 2050 Portfolio	23.8%	16.9%
RBC Retirement Income Solution	59.8%	8.9%

Source Morningstar Direct as of May 31, 2017. Portfolio characteristics are subject to change.



Portfolio Manager viewpoint

Sarah Riopelle, CFA, Vice President & Senior Portfolio Manager, Investment Solutions

The economic uptick that began in the summer of 2016 has continued to grow. Central banks are responding with tighter, if less accommodative, monetary policies, and the risks to our outlook appear manageable. We expect the long-term direction for bond yields is higher and our models confirm this view. But receding enthusiasm about Trump's policies has weighed on yields, reintroducing the fixed-income valuation risk that had been alleviated shortly after the election. Global equities have reached new highs and valuations may no longer be a driving force for stocks, at least in the United States. Fortunately, U.S. profits have recovered from their two-year swoon and, if earnings achieve analyst estimates, the total-return potential for stocks remains quite positive. Our current recommended asset mix for a global balanced investor is 59% equities (strategic neutral: 55%), 38% bonds (strategic neutral: 43%) and 3% in cash.

What happened in world markets last quarter



Fixed income

Fixed income markets remained relatively stable this quarter, as low inflation coupled with slow-but-steady growth spurred little concern from bond investors. Most global central banks paused to consider the impact of the apparent synchronized economic upturn now underway. Despite increasing signs that the country's economic growth is moderating, the U.S. Federal Reserve raised the fed funds rate by another quarter-percentage point. This quarter, the FTSE TMX Canada Universe Bond Index rose 1.1%, while the Citigroup World Government Bond Index US\$ (US\$ hedged) was up 0.8%.



Canadian equities

Despite the sharp decline in oil prices this quarter, Canadian equities held their own, as a strengthening domestic economy and increasing employment helped consumer-related stocks partially offset losses in the Energy and Materials sectors. A potential cooling of real estate prices in key markets raised credit-exposure concerns, slowing the momentum of banking stocks. For the quarter, the S&P/TSX Composite Index declined by 1.6%.



U.S. equities

U.S. equities posted positive returns this quarter, as U.S. corporate profits continued to recover from their two-year swoon. With both the domestic and global economies exhibiting continued strength, solid consumer demand was complemented by rising business demand. This increased demand helped employment stay steady while wages pushed higher. With expectations fading for the implementation of President Trump's pro-growth policies, investors instead focused on improving equity fundamentals. The S&P 500 rose 0.5% this quarter.



International equities

As economic growth continued to gain momentum and inflation remained positive but subdued, European equities drove higher this quarter. The impact of Brexit and the new UK minority government raised some concerns, but not enough to scare off investors. Stocks in China's key mainland equity market were added to global stock indices, further integrating the country's leading companies into the global financial system. Growth remained relatively strong in emerging markets due to rising domestic and global demand. This quarter, the MSCI EAFE Index finished up 3.3% and the MSCI Emerging Markets Index added 3.5%.

All returns are in C\$ except where indicated. Canadian, U.S., MSCI EAFE and MSCI Emerging Markets index returns are total returns.

We thank you for your ongoing trust in continuing to hold RBC Retirement Portfolios as part of your investment plan. If you have any questions or comments, please contact us or your advisor.

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