RBC Global Asset Management

PH&N LifeTime 2020 Fund

Commentary as at June 30, 2026

The U.S.-Israel conflict with Iran introduced meaningful macroeconomic risk to global markets. Global fundamentals were in solid shape before hostilities erupted, with leading indicators suggesting that economic activity was picking up. But the conflict and resulting closure of a key oil-shipping route shocked global energy markets, disrupted supply chains, and has weighed down global economic activity. However, a variety of tailwinds have offset the negative impacts of the conflict. Fiscal stimulus, a ramp-up in capital expenditures, and productivity improvements from artificial intelligence ("AI") have all been supportive of economic activity.

Canadian government bonds delivered gains in the first half of 2026 while global government bonds were largely flat. The war in Iran prompted higher inflation expectations and investors now expect modest tightening by central banks resulting from a combination of still-resilient economic growth and broadening inflation pressures. Government bond yields rose most in Japan, the UK and the U.S., and rose less in Canada and Germany where inflation data wasn't as hot and economic data was weaker. Returns in the fixed-income segment of the portfolio were boosted by the Phillips, Hager & North Bond Fund and the Phillips, Hager & North Short Term Bond & Mortgage Fund.

Global equities enjoyed a sharp recovery following the war-related sell-off. Investors looked past geopolitical headwinds, instead focusing on the long-term benefits of AI. Gains were led by technology stocks, particularly semiconductor companies which are benefiting from massive AI-related capital expenditures. Emerging markets outperformed most developed markets due to their higher exposure to hardware components for AI data centres. Earnings have rapidly grown, with S&P 500 profits for the first quarter of the year growing 19% compared to the same quarter last year. Although earnings upgrades have been impressive, positive revisions have been concentrated in the semiconductor industry as AI spenders have frequently boosted their expected capital spending plans. Returns were bolstered by the Phillips, Hager & North Conservative Equity Income Fund and the RBC QUBE Low Volatility Global Equity Fund.

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