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### Investment insights

To help you stay informed, RBC Global Asset Management regularly provides insights and forecasts on the global economy and capital markets, along with in-depth analysis of how certain investment trends may impact your portfolio.

To learn more, please visit [rbcgam.com/insights](http://rbcgam.com/insights)

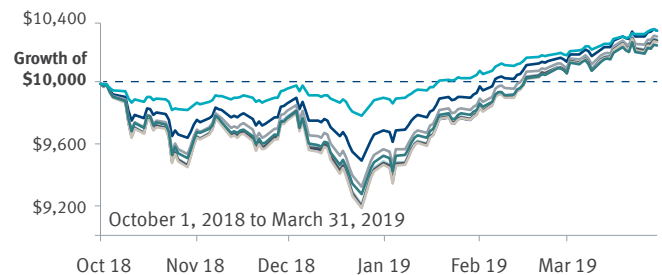
## Time, discipline and a consistent approach

Rapid changes in the economy and market volatility can be stressful for investors and leave them second-guessing whether or not their retirement goals are still on target. This quarter, we take a closer look at how our disciplined investment approach can pay off for investors in RBC Retirement Portfolios.

### Out like a lion, in like a lamb

The end of 2018 displayed higher levels of volatility than we've grown accustomed to in recent history. And while turbulent times can make it difficult for an individual to focus on their retirement goals, this volatility helped remind us that trying to time the market often leads to poor investment outcomes. For example, with markets rebounding this quarter, RBC Retirement Portfolios' decline at the end of 2018 was entirely offset by the end of March 2019, rewarding those who stayed invested.

Despite market volatility at the end of 2018, RBC Retirement Portfolios have recovered in early 2019



	1 Yr.	2 Yr.	Since inception	Inception date
RBC Retirement Income Solution	4.2%	2.6%	2.7%	Oct-2016
RBC Retirement 2020 Portfolio	4.9%	4.3%	4.9%	Oct-2016
RBC Retirement 2025 Portfolio	4.9%	4.6%	5.4%	Oct-2016
RBC Retirement 2030 Portfolio	5.2%	5.0%	5.8%	Oct-2016
RBC Retirement 2035 Portfolio	5.1%	5.0%	5.7%	Oct-2016
RBC Retirement 2040 Portfolio	5.0%	4.9%	5.7%	Oct-2016
RBC Retirement 2045 Portfolio	4.8%	4.9%	5.9%	Oct-2016
RBC Retirement 2050 Portfolio	4.0%	4.0%	4.6%	Oct-2016

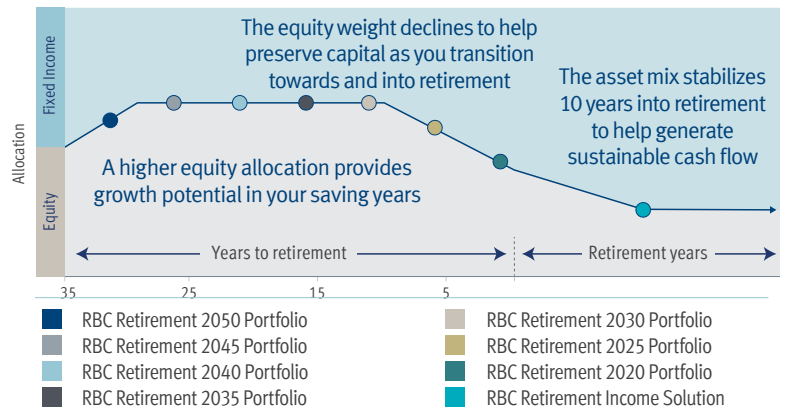
Source: RBC GAM. Series A performance as of March 31, 2019.

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## Time in the market vs. timing the market

Equity markets can be volatile in the short term, but over the long term they tend to rise. This means that an investor who stays invested generally has a strong probability of long-term success. To help you stay invested and benefit from time in the market, each RBC Retirement Portfolio automatically adjusts its asset mix over time to align with the indicated retirement date. This helps provide the growth you need as you build your wealth, as well as the capital preservation you'll need as you approach and enter retirement.

## RBC Retirement Portfolios are designed to balance growth and capital preservation over your investing lifetime



Illustrative purposes only. Target allocations may vary in accordance with targets outlined in the prospectus.

## Ongoing monitoring, whatever the market conditions

While it's important to note that when markets are volatile, we keep a watchful eye out for signs of investment threats and opportunities, the exact same approach applies when market performance is smooth.

## Global Investment Outlook

Senior investment professionals from across the firm meet regularly to develop economic and market forecasts. They assess global fiscal and monetary conditions, projected economic growth and inflation, as well as the expected course of interest rates, major currencies, corporate profits and stock valuations.



## Active Management

Based on our proprietary valuation models, equity or fixed income allocations may be positioned above or below each Portfolios' target weight to take advantage of near-term opportunities. These tactical adjustments can help enhance returns and ensure the long-term goals of the Portfolios remain on track.



## 300+ Investment Professionals

Managing a diversified investment portfolio requires dozens of daily considerations. Here are just a few that the investment professionals at RBC Global Asset Management are focused on.

## Quantitative research Diversification

Portfolio optimization  
Asset allocation  
Currency management  
Capital preservation  
Rebalancing

Data analysis  
Portfolio engineering

## Committed to a time-tested process

As an investor in RBC Retirement Portfolios, you should feel confident knowing that your portfolio is carefully monitored and assessed against the current market environment with the portfolio's target date in mind. Whatever financial markets are doing, our disciplined investment approach remains the same. Our track record, which spans three decades, speaks to how our long-term approach can help you reach your financial goals.

# What happened in world markets last quarter



## Fixed income

Global sovereign bonds rallied in the past quarter, reflecting the downshift in economic growth expectations, slightly lower inflation and, perhaps most importantly, the fact that central banks are no longer set to raise interest rates. The U.S. Federal Reserve (Fed) provided an update to their financial projections on March 20, which revealed no expected rate hikes for 2019, a decrease from two hikes that were penciled in last quarter. This quarter, the FTSE Canada Universe Bond Index rose 3.9%, and the FTSE World Government Bond Index (CAD hedged) increased 2.5%.



## Canadian equities

Canadian equities soared this quarter after underperforming

most major global equity markets in 2018. A healthy labour market and consumer spending were the main drivers of domestic growth, while declining investment in housing and energy, as well as slowing global commodity demand tempered growth. Canada's energy sector is not in as dire shape as it was last fall, thanks to a rebound in global oil prices, but it is still a precarious environment. The S&P/TSX Composite Index rose 13.3% during the quarter.



## U.S. equities

The precipitous decline in U.S. equity markets in

December coincided with extreme levels of investor pessimism, which was likely due to anxiety about Fed interest-rate hikes and another round of tariffs that U.S. and China threatened to levy on each other. The subsequent statements from the Fed that rate hikes were on hold and President Trump's new-found will to strike a trade deal with China led to a restoration of investor confidence and the stock market recovery in early 2019. The S&P 500 rose 11.2% this quarter.



## International equities

While most international equities rebounded substantially in the first

quarter, Japanese stocks were hurt by weak economic data and deteriorating fundamentals. Emerging market (EM) equities rebounded more than 10% following a large sell-off in October 2018. EM equities were seen as oversold, and the rotation away from U.S. equities magnified the large rebound in January 2019. European stocks were also up amid continued Brexit squabbles. The MSCI EAFE Index increased 7.7%, while the MSCI Emerging Markets Index rose 7.6%.

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



## Portfolio Manager viewpoint

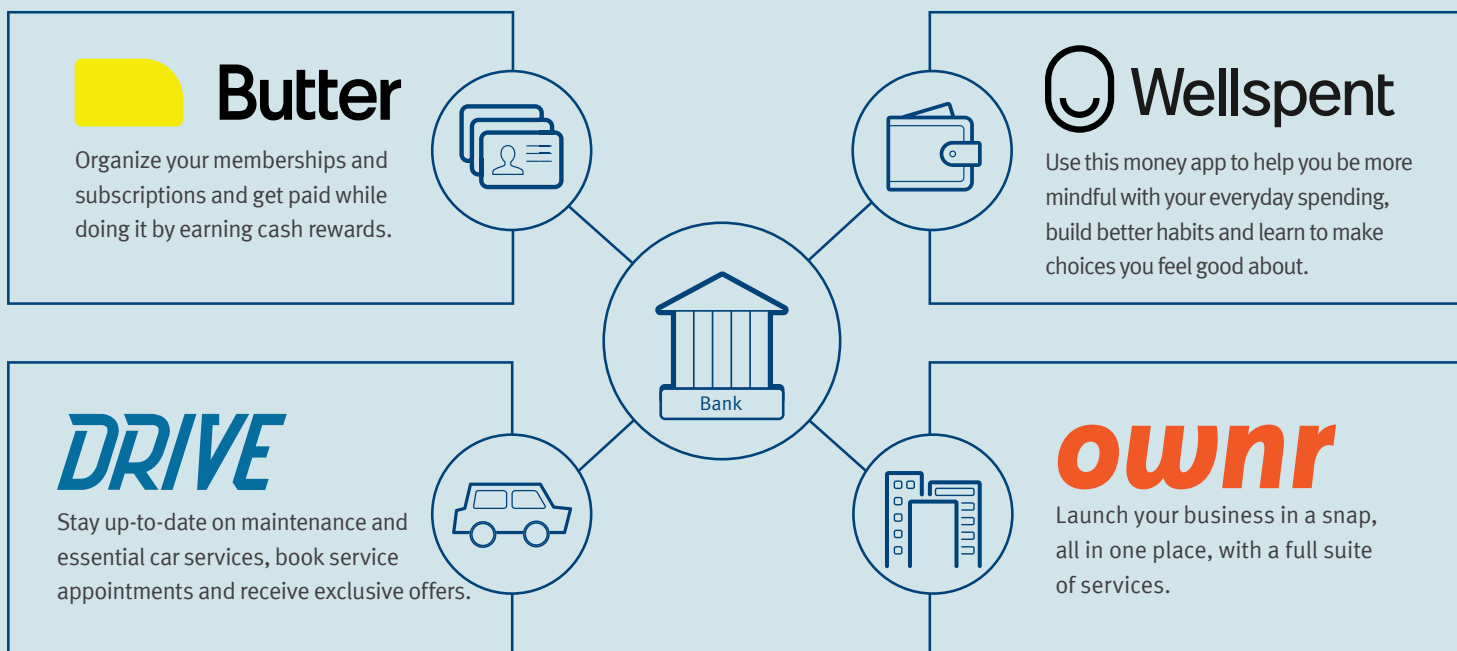
Sarah Riopelle, CFA, Vice President & Senior Portfolio Manager, Investment Solutions

Headwinds from protectionism, fading fiscal stimulus and less favourable financial conditions continue to weigh on the economy, but we expect only a mild deceleration in global growth. Amid slowing growth and tame inflation, central banks are no longer tightening monetary policy and global bond yields have declined. We remain underweight fixed income because, in our view, total returns for sovereign bonds are likely to be low or even slightly negative for an extended period. Stocks offer better upside potential, and last year's equity market correction moved our composite of global market valuations to its most attractive level in seven years. The rally since the start of 2019 began from depressed levels and our models suggest stocks can deliver further gains as long as earnings continue growing as analysts expect. Balancing the risks and opportunities, we feel that maintaining a slight overweight exposure to equities is appropriate.

# RBC Ventures – Going beyond banking to make lives better

At RBC, we are committed to finding new ways to improve our clients' lives, beyond just traditional banking. Last spring, we launched RBC Ventures to build innovative products, services and apps that help solve common problems for consumers and businesses. These include things like reminders to help you manage your home, settlement services for newcomers, career preparation support for students and much more.

We now offer 13 ventures that can help make your life a little easier, so you can spend more time on the things that matter most.



You can learn more about RBC Ventures and see our full suite of solutions at [www.rbcventures.ca](http://www.rbcventures.ca).

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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