RBC Global Asset Management

Private Markets Report 2026

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We are pleased to share our 2026 report, which highlights themes that affected private markets in 2025, and our outlook for the year ahead.

After a rather tumultuous period following the COVID-19 pandemic, broadly speaking expectations for private markets at the beginning of 2025 were to see some degree of normalization. Ongoing trade policy developments emanating from the U.S., most notably in the early part of the year, had the effect of prolonging some of the challenges from prior periods, while the latter half of the year was dominated by questions around the sustainability of artificial intelligence (AI) related valuation levels and the associated capital requirements moving forward.

To be sure, the continued resilience of the global economy and robust capital supply across credit markets have generally supported strong ongoing operating performance across most segments of private markets, and have limited solvency concerns to a few select pockets. Moreover, global fiscal expansion aimed at initiatives such as stimulating infrastructure renewal and development and addressing housing affordability has created a compelling thesis for future investment. Ongoing enthusiasm for AI – and its associated capital and energy demands – along with continued decarbonization efforts and the reconfiguration of supply chains are also creating significant opportunities as well as building valuation and demand pressure points. It is a time when investors with capital are being presented with a broad and deep array of investment opportunities, but must maintain discipline with a view to both investment entry and more importantly, investment exit.

Pockets of constrained transaction activity have created liquidity challenges for certain private market sectors, leaving some capital locked in existing investments and creating a degree of uncertainty around realization timing and valuations. To some degree, the growing secondary market has relieved some of this liquidity pressure, presenting fund investors with an alternative liquidity mechanism, albeit at a discount. We expect the stabilization of inflation and interest rates that began in 2024 and continued into 2025, as well as the normalization of global trade patterns, to lead to increased private market transaction volume and clearer asset valuations. Liquidity management will continue to be a major theme for investors and capital allocators, potentially leading to a reconfiguring of private market portfolios to better align liquidity needs with the profile of investments.

Performance dispersion also remained a key feature of private markets during 2025, with outperformance coming from higher-quality assets capitalized with supportable debt levels. Faced with a potentially softening economy and lingering valuation uncertainty in public markets, we expect quality to continue to outperform over the medium term. Private lending markets have grown very quickly over the past two years, and there has been some evidence of stress for those private lenders that have focused on higher-risk lending segments while also relying on the debt markets to fund their investment programs. In contrast, secured credit investments like commercial mortgages offer investors the ability to achieve stable income returns with greater downside protection compared to traditional private lending strategies.

In summary, a variety of impact-level factors are creating an interesting but mixed backdrop for private markets heading into 2026. We expect investors will see an abundance of investment opportunities, along with clearer valuations and increasing transaction activity, but will need to stay very disciplined when allocating long-term capital. Those private assets that are able to sustain strong ongoing performance will likely see increased valuations as sentiment improves and capital rotates out of sectors that are perceived to be over-valued. The path to returns may be subject to some variability as the global economy adjusts to a seemingly new construct, but for long-term investors, the entry point for selective new investment opportunities appears attractive.

Canadian core real estate

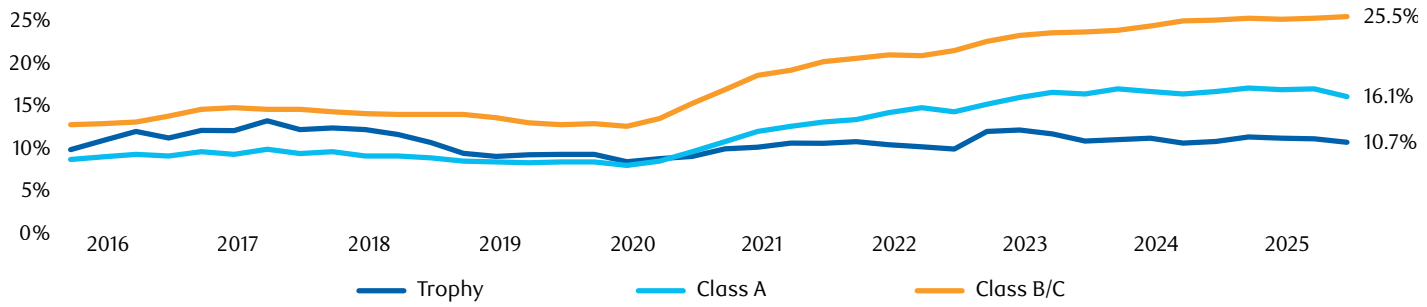
Allocations to high-quality, core real estate can provide important benefits to portfolios, including potential for low correlations, low levels of earnings volatility, inflation hedging characteristics, and attractive total returns.

Canadian core real estate: 2025 market review

The Canadian commercial real estate market in 2025 demonstrated resilient operating fundamentals even as valuation levels continued to face downward pressure. In certain cases, non-core properties in tertiary markets, development projects, and highly levered borrowers continued to encounter challenges, underscoring the importance of asset quality, income generation, and balance sheet strength. As the year progressed, transaction activity began to trend upward, driven by strong operating fundamentals, lower interest rates, and a robust supply of debt capital.[1] While transaction activity in recent years had been focused largely on the industrial and residential sectors, positive momentum this year has shifted toward office and retail, with the market seeing notable transactions in both sectors.

- **Office** sector valuations continued to face modest pressure this year, despite ongoing improvements in operating fundamentals and investor sentiment that took hold as the year progressed. Leasing demand accelerated in the second half of 2025, with return-to-office mandates driving a need for more space. The outperformance of higher-quality properties accelerated during the year, with vacancy for downtown Class A properties dropping by 90 bps in Q3, the largest quarterly decline in this segment on record since 2008. On the supply side, new supply remained muted and the construction pipeline held at 20-year lows, while office conversions continued to take existing inventory off the market.[2]

Canadian downtown office vacancy by quality segment



Trophy series includes top-tier properties in Vancouver, Calgary, Toronto and Montreal. Class A is inclusive of trophy segment.
Source: RBC GAM, CBRE Research. As of Q3 2025

- The **industrial** sector continued to normalize this year after a period of exceptionally strong performance stemming from low vacancy and high rental rate growth. Vacancy rates returned to long-term averages as leasing activity experienced a temporary deceleration in the first half of the year, primarily attributable to trade policy uncertainty that created tenant hesitation.[3] However, activity subsequently resumed a more regular cadence, rental rates stabilized, and market conditions reached a more balanced state. Helpfully, the current construction pipeline and pace of new construction starts have declined significantly from peak levels reached three years ago, which has begun to significantly reduce the level of newly completed properties adding supply to the market.[4] Meanwhile, well-located assets continue to perform relatively well, benefitting from land scarcity and limited alternatives for tenants.
- In the **residential** sector, market conditions remained tight in 2025, with the national vacancy rate hovering around 2% amid ongoing supply shortages and housing affordability challenges.[5] Nevertheless, there was a marginal uptick in vacancy and a modest decline in rents during the year after an extended period of strong growth for the sector. This softening reflected reduced demand driven by slower population growth following recent changes to immigration and temporary visa policies. In addition, there was an increase in new supply of purpose-built rental buildings and condominiums for rent from projects commenced in prior years. Notably, rents stabilized in the final months of the year, though Vancouver and Toronto continued to rank as the most expensive rental markets in Canada.

[1] CBRE, Canada Investment Overview Q2 2025, September 4, 2025
[2] CBRE, Canada Office Figures Q3 2025, October 1, 2025
[3] CBRE, Canada Industrial Figures Q3 2025, October 1, 2025
[4] CBRE Research
[5] QuadReal

- **Retail** sector fundamentals strengthened in 2025. New construction and supply continued to decline and was focused primarily on mixed-use and necessity-based retail, a trend that has been in place for over a decade.[6] Meanwhile, leasing activity remained resilient, serving to further balance retail market conditions. As a result, the national vacancy rate held in line with the 10-year average at just over 5%, and rent growth remained positive. Necessity-based retail, such as grocery-anchored centres, continued to outperform, supported by steady foot traffic and demand for core goods. Retail sales proved more resilient than anticipated, though they did remain relatively subdued due to lower consumer confidence, slowing population growth, and an uncertain economic environment.[7] E-commerce sales held steady as a percentage of total retail trade, signalling stabilization after years of rapid growth. Also of note, Hudson's Bay Company (HBC) filed for creditor protection, resulting in the closing of all of its retail locations in Canada. Most leases have been disclaimed and the spaces have been returned to landlords.

Canadian core real estate: 2026 outlook

The past 24 to 36 months have presented a dichotomy: while steady occupancy and rent levels have driven solid income growth, valuation levels have declined due to interest rate volatility and a cautious transaction market. This disconnect between income growth and falling valuations is neither sustainable nor rational. It is our view that these conditions have created a compelling entry point in the context of the long-term cycle for real estate. Valuation levels are now largely reset, long-term interest rates have stabilized, financing markets are supportive, leasing metrics remain strong, and new supply is muted across all sectors. The combination of these characteristics is screening very positively from an investment perspective. We believe that this point in the cycle will ultimately be seen as a turning point in valuation levels, leading to a return of positive capital appreciation to supplement the strong income returns that are set to continue. As investors look to execute on potential opportunities and take advantage of the expected near-term inflection point in valuations, maintaining financial flexibility in the way of balance sheet strength and liquidity will be important to navigate near-term sources of market and economic uncertainty.

Office: We expect the coming year to be a key turning point for the office sector. Occupancy for high-quality office space will tighten further due to the accelerating return-to-office trend, led by more companies following the lead of the country's largest office tenants, and the continued flight to quality. Higher-quality properties continue to outperform, although strength is beginning to broaden across the market. Future momentum is further supported by the continued pause in new office construction.

Industrial: High-quality assets with significant gaps between in-place and market rents are expected to outperform in 2026, as income growth is driven by marking rents on new leases to market levels. Fluctuating tariff policies continue to add an element of uncertainty, but tenants are adapting and the impact on leasing demand and tenant financial strength is expected to remain muted overall. In addition, given the declining construction pipeline, new supply should moderate further heading into 2026, which is supportive for the sector over the near to medium term.

Residential: Our outlook for the residential sector remains favourable. We expect demand to remain robust, most notably in major cities with strong long-term prospects for population and job growth. Supply should also continue to face challenges due to zoning restrictions, development barriers, labour shortages, and high new construction costs, which require higher rents and values to support new development. While policy measures are incentivizing new residential rental development, given the length of the entitlement and construction process, these measures will take time to have a meaningful impact.

Retail: We expect that the retail sector's fundamentals will continue to strengthen due to limited new supply and ongoing leasing strength for necessity-based retail in particular. Some caution is warranted, however, if the economy weakens and retail sales come under pressure. In a slower growth environment, the outlook for necessity-based retail is strongest. Also, while some former HBC landlords will face short-term challenges with elevated vacancy and lost income, this event presents a valuable longer-term opportunity to reposition the spaces for new tenants at market rents and/or redevelop them for other uses such as residential density.

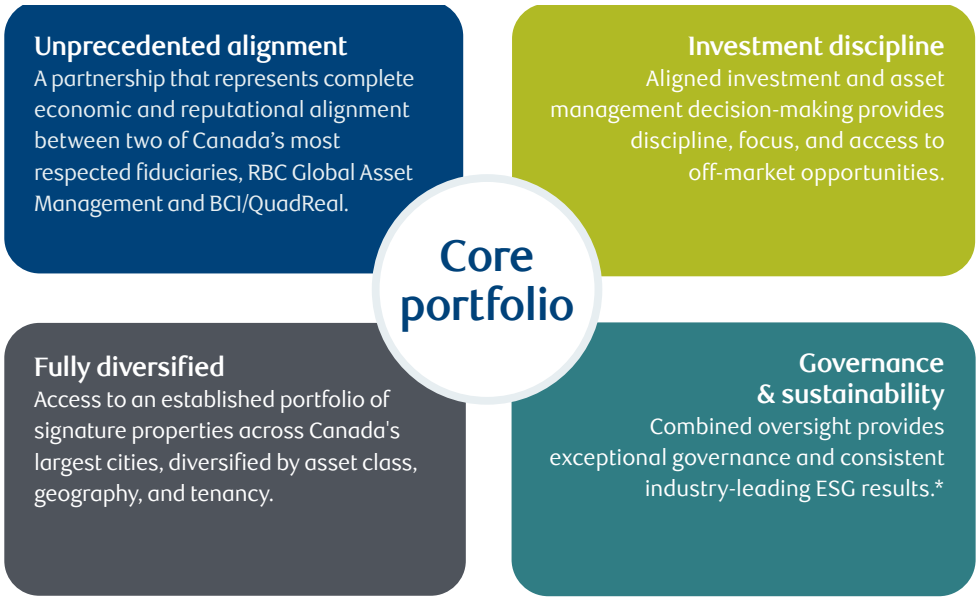
[6] CoStar, Retail National Report Q3 2025, October 2025
[7] RBC, RBC Consumer Spending Tracker, November 12, 2025

Canadian core real estate: Our approach

Our core Canadian real estate strategy provides investors with access to a high-quality portfolio of assets diversified by geography, property type, and tenancy. Through its adherence to quality and diversification, the strategy seeks to provide a predictable and growing source of income, and stable total returns over the long term. The strategy is an open-ended investment trust with a quarterly subscription and redemption schedule.

Underpinning the design of our strategy is the belief that an allocation to core Canadian real estate – core assets in core markets with core tenants – can be a foundational element of an investor's portfolio, working alongside traditional fixed income and equities.

The strategy's investment thesis is focused and consistent: hold a diverse portfolio of quality real assets in core locations that will benefit from positive demand and supply characteristics over time; invest in each asset's modernization; maintain a strong and liquid balance sheet; and incorporates material environmental, social, and governance factors into investment decisions.



Source: British Columbia Investment Management Corporation

*In the 2025 GRESB Real Estate Assessment, the fund received a GRESB Score of 88 in the overall category. The fund ranked 3rd in Canada (out 17) and 5th in the Americas (out of 109) in the Standing Investments, Non-Listed, Diversified category. GRESB's 2025 Real Estate Assessment Results can be found at 2025 Real Estate Assessment Results | GRESB. The methodology used in GRESB Real Estate Assessments can be found at GRESB Assessments | GRESB. There may be other providers who prepare comparable fund-level assessments using their own methodologies, which may differ from the methodology used by GRESB. The RBC Canadian Core Real Estate Fund does not have a specific ESG-related investment objective or strategy.

Global infrastructure

The stable, predictable, and defensive cash flow profile of infrastructure assets, along with their attractive portfolio construction characteristics, offer the potential for enhanced risk-adjusted returns within long-term portfolios.

Global infrastructure: 2025 market review

Private infrastructure markets demonstrated resilience in 2025 despite persistent concerns surrounding economic growth, trade policy, and interest rates. Following a period where equity return requirements rose due to higher capital costs and inflationary pressures, pricing and return expectations stabilized in 2025, supported by improving visibility on monetary policy and a rebound in transaction activity.

Fundraising activity strengthened meaningfully, surpassing 2024 levels and signalling renewed investor confidence.[8] Transaction volumes in the first half of the year approached the peaks seen in 2022, driven by strong momentum in renewables and digital infrastructure.[9] Notably, limited competition in many bidding processes continued to create opportunities for well-capitalized investors to acquire high-quality assets at attractive valuations, although many planned transactions remained in progress as buyers and sellers could not agree on pricing or terms.

Several structural themes continued to shape the opportunity set. First, large global funds represented a substantial share of fundraising, leaving a backlog of mid-cap transactions still seeking capital. Second, several large institutional investors approached or reached target allocations and sought partners to support further growth. Finally, major global asset managers continued to pursue long-term, aligned co-investors to maintain exposure across diversified portfolios. Across sectors, infrastructure fundamentals remained strong:

- **Power, energy, and utilities**: Globally, the need to balance power generation priorities between lower carbon emissions and higher energy security (low cost and high resilience) appeared to shift towards a focus on energy security, especially where pockets of economic slowdown had the potential to create affordability challenges. In the U.S., we observed a resurgence of interest in nuclear and natural gas power in support of new power demand (largely from data centres and electrification), although lead times to construct new generation facilities remain long. In Europe, a widespread power outage in Spain demonstrated the need for a balanced energy mix across all forms of generation, and the importance of building redundancy into the grid. While some governments continued to offer financial incentives that provided tailwinds for certain sectors, policy shifts have begun to impact funding and influence the types of infrastructure projects governments are choosing to support. For example, in the U.S., the passage of the One Big Beautiful Bill Act established a phase-out of certain clean energy tax credits. Finally, the trend of investing in the electrical grid (transmission and distribution) continued, with global investment in electricity grids projected to reach a record high of $400 billion in 2025.[10]
- **Transportation:** Across a range of countries, many modes of traffic – including public transit, roadways, and airports – continued to exceed pre-pandemic levels, indicating a robust recovery in mobility. However, certain segments of business travel remained structurally lower due to the widespread adoption of Internet-based video conferencing, while leisure travel remained sensitive to pricing and affordability. In addition, as the year progressed, softening economic conditions and uncertainty related to trade policy put modest pressure on port and air passenger volumes. In the port industry, volatile trade policy disrupted certain traditional trade routes and increased operational costs, leading to a shift in cargo volumes and necessitating greater efficiency in handling and processing. Port operators responded by continuing to invest in productivity, automation, and capacity expansion to mitigate the effects of these policy changes. Despite indications of slower growth in air passenger volumes, many airports were focused on introducing new routes and significant capital expansion projects to manage current traffic and anticipated future growth.
- **Digital infrastructure:** The digital infrastructure sector attracted significant attention and deal flow in 2025. Data centre construction continued at pace to meet surging demand from cloud computing and artificial intelligence. Infrastructure investors participated in this theme both directly and indirectly through power generation. In other forms of digital infrastructure, we observed the ongoing rollout of fibre-to-the-home networks to meet demand for high-speed broadband and reliable connectivity. The deployment of 5G networks continued but slowed as mobile carriers in some countries were challenged to increase rates to account for the additional investment required. In Canada, we also observed a major telecommunication company selling a significant stake in their tower network in order to pay down debt and fund future growth plans. A continuation of these sales would bring these Canadian businesses in line with their global peers, who have been selling their towers and other network infrastructure for decades.

[8] Realfin, State of the Market Report – Global Infrastructure H1 2025, September 5, 2025
[9] CBRE, Infrastructure Quarterly: Q3 2025, September 29, 2025
[10] IEA, World Energy Investment 2025, June 5, 2025

Global infrastructure: 2026 outlook

Governments around the world have renewed their focus on infrastructure investment as a cornerstone of economic growth and resilience. Major policy initiatives, such as Germany's €500 billion infrastructure fund and Canada's Bill C-5, new Major Projects Office, and new commitments within the federal budget, are expected to support sustained capital formation alongside private investment. We will assess these emerging opportunities with a disciplined approach and focus on projects with durable economics that will deliver strong, risk-adjusted returns. We also observe many countries taking a stronger stance on self-reliance for key aspects of their economies, including energy and power, communications, and manufacturing. As many infrastructure businesses provide essential products or services within these critical areas, we are continuously watching for potential headwinds or tailwinds across sectors and geographies. We expect investors to remain selective and to continue favouring investments that combine defensive income with inflation protection and moderate growth. In a period of potential economic softness and policy uncertainty, core and brownfield assets offering stable cash flows and disciplined leverage remain well positioned. With the promise of improved efficiencies that generative AI can offer, well-capitalized and resourced companies that have a large number of customers or assets can benefit from significant improvements in service quality and in capital efficiency.

Power, energy, and utilities

Global investment in energy transition and grid infrastructure will need to reach two to three times historical levels to meet surging demand, decarbonization goals, and reliability needs.* (See chart on following page.) However, regulatory and political pressures may curb spending to balance ratepayer affordability. Rising power demand will drive costs upward, necessitating lower-cost generation and flexible transmission/distribution systems (including storage) to manage supply-demand gaps. Renewables will expand as part of a resilient, affordable energy mix, offering price stability, rapid deployment, and lower emissions. In the U.S., the One Big Beautiful Bill Act provides regulatory clarity, positioning large-scale U.S. operators with capital access to lead the transition.

Transportation

Long-term trends such as urbanization, population growth, and the continued expansion of international trade underpin demand for transport infrastructure. In the port industry, large, diversified operators that continue to focus value creation initiatives on improving efficiencies and deepening customer relationships are best positioned to navigate volatile trade policies. Airport operators are expected to continue executing capital expansion plans for new terminals, runways, and passenger facilities while implementing sustainability initiatives including renewable energy adoption. Road infrastructure operators will increasingly leverage smart toll systems, data analytics, and IoT technologies to optimize operations, safety, and maintenance. Across all modes, the sector is prioritizing operational efficiency and sustainability through advances in automation, intelligent systems, and data analytics.

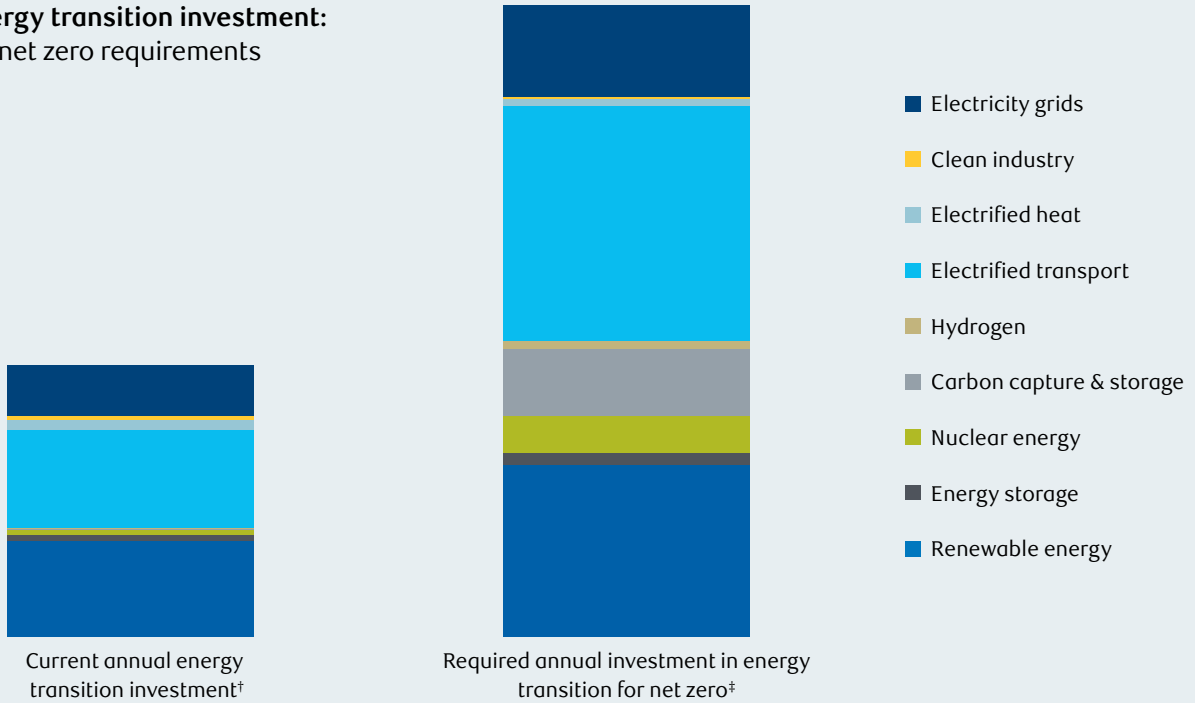
Digital infrastructure

Demand for data storage and connectivity remains robust, with data centre construction accelerating rapidly. A recent McKinsey study projects nearly US$7 trillion in digital infrastructure investment requirements by 2030, with generative AI training driving the majority of this demand.** While the scale of AI-related capital needs is significant, traditional digital infrastructure – including tower and fibre networks – continues to offer attractive relative value in today's stabilized rate environment. Across each of these asset classes, identifying value from operating yield, rather than prospective future demand following a period of significant growth capex, remains critical.

* BloombergNEF, Readying the Global Power Grid for Net Zero, October 31, 2024
** McKinsey, The cost of compute: A $7 trillion race to scale data centres, April 28, 2025

While infrastructure fundamentals remain sound, several broader trends merit attention. First, the inflationary environment continues to influence financing costs and leverage levels, reinforcing the importance of prudent leverage and capital structures. Second, the pace of technological innovation introduces potential obsolescence risk for certain digital assets, requiring disciplined underwriting and active asset management. Third, physical and transition climate risks underscore the importance of resilient design and regulatory foresight. The evolution of private market investment structures – including the rise of secondary transactions and continuation vehicles – is reshaping liquidity dynamics and providing opportunities to well-capitalized buyers. Finally, geopolitical fragmentation and supply chain realignment are reinforcing the importance of local infrastructure ownership models and strategic partnerships with experienced and regionally based co-investment partners.

Annual energy transition investment:
Current vs. net zero requirements



Source: BloombergNEF;† 2024 (latest available);‡ BloombergNEF's Net Zero 2050 scenario, 2024-2030

Global infrastructure: Our approach

Our global infrastructure strategy aims to provide investors with attractive risk-adjusted returns comprised of income and capital appreciation. The strategy invests in a portfolio of core and core+ private infrastructure assets diversified by sector and geography, with a focus on developed market countries included in the Organization for Economic Co-operation and Development (OECD). A focus on developed markets provides benefits of stable economic growth, positive demographic trends, yields underpinned by contractual income, and inflation sensitivity. The strategy also incorporates material environmental, social, and governance factors into investment decisions, as we believe investments that support economic development, enable higher standards of living, and drive the transition to clean energy will enhance long-term risk-adjusted returns.

The strategy is open ended to align investor capital with the long asset lives of private infrastructure assets. The strategy is actively managed by the RBG GAM Private Markets Global Infrastructure Investment team and leverages the internal support of RBC Global Asset Management's (RBC GAM) investment and operational platform as well as the external support of experienced and aligned co-investment partners and advisors.

Diversified
By sector, geography and co-investment partner

Global
Developed markets with robust transaction opportunities

Core / Core+
Targeting attractive risk-adjusted returns

ESG Integration*
Seek to mitigate risks and enhance value

Open-ended
Aligns with long-term value creation and allows investors ongoing access and liquidity

Partnerships
Experienced and aligned co-investment partners

*Please refer to the ESG disclaimer at the end of the document.

The strategy benefits from proprietary (and often non-competitive) access to a broad range of unique and high-quality investment opportunities. This access is attributable to:

- An investment team with a broad and deep network of industry contacts, and extensive experience that includes senior roles in origination, investing, and governance at Canada's largest pension plans. The team's proprietary global network is augmented by opportunities sourced through its co-investment partners.
- A flexible mandate, including a willingness to take minority interests in investments and invest in both mid- and large-cap opportunities.
- Access to capital from a large and diverse investor base, which provides certainty of capital for co-investment partners.
- The scale and global brand of the Royal Bank of Canada (RBC).

This broad range of high-quality deal flow gives the team a wide opportunity set to select from, and allows them to capitalize on situations where there may be gaps in the supply and demand for capital in certain segments of the infrastructure market.

The strategy's focus remains on building a globally diversified portfolio of high-quality core/core+ private infrastructure assets alongside experienced and aligned co-investment partners. Entering 2026, the strategy remains well positioned with low leverage, a disciplined investment pipeline, and access to high-quality opportunities in a capital-constrained environment.

Commercial mortgages

The Canadian commercial mortgage market provides a compelling opportunity for investors to allocate to the private lending market in a segment that is secured by an underlying real asset, providing investors an opportunity to access strong risk-adjusted income-focused returns.

Commercial mortgages: 2025 market review

The Canadian commercial mortgage market in 2025 was defined by stable property performance and a gradual recovery in lending activity. Lenders prioritized conservative underwriting, borrower stability, and dependable cash flows. A more stable interest rate environment and ample liquidity in debt markets supported increased loan origination volumes through the year, with signs of increasing financing activity in the higher-quality office sector.

Credit fundamentals within the Canadian commercial real estate market remained broadly strong, supported by improving property operating performance. While instances of borrower and project defaults appeared in the news, these were predominantly isolated to leveraged land or speculative developments; mortgages secured by income-producing assets or more conservatively underwritten developments continued to perform reliably. Commercial real estate continues to provide robust security from a credit perspective. For example, our platform's average loan-to-value ratio of 65%[11] means property values would need to drop by 35% before loans face impairment risks, which is an unlikely scenario as values stabilize.

As a result of strong credit fundamentals, the availability of debt capital remained solid, fostering an environment that was attractive to both lenders and borrowers. Lending spreads remained tight compared to historical norms, while short-term rate declines led to lower floating rates on loans, which were particularly appealing to borrowers. Meanwhile, the elevated all-in rates available relative to recent history were attractive for lenders, as they enhanced the income accrual component of portfolio returns. These conditions presented appealing risk-adjusted opportunities for steady income generation while benefitting from security over real assets.

Commercial mortgages: 2026 Outlook

Real estate markets don't move overnight, and often take several quarters or years to change course. With that being said, there have been several trends developing over the past few years that we believe will benefit the Canadian commercial mortgage market in 2026 and beyond.

From a loan origination perspective, we expect activity to continue strengthening into 2026 as attractive commercial mortgage rates drive increased borrower demand. Our established relationships, national presence, and ability to invest across the full spectrum of commercial mortgage risk profiles positions us well to capitalize on this growing opportunity set, with our deep borrower connections providing access to virtually every significant transaction across the country's major markets.

From a risk perspective, despite some stress present in the broader market for highly leveraged and speculative borrowers, commercial mortgage investments continue to exhibit healthy credit profiles, especially those backed by income-producing properties. As investor sentiment begins to turn and the market experiences further activity, we anticipate this trend will continue.

And lastly, from a return perspective, the current rate environment offers a compelling opportunity for investors to achieve higher levels of income while maintaining exposure to secured credit risk. For investors willing to accept some illiquidity in their portfolios, the associated premium provides additional yield. This premium, along with the physical collateral backing the loans, enhances the risk/reward profile of a total portfolio by offering both greater income returns and downside protection.

Looking ahead, we believe commercial mortgages can play a key role in an investor's portfolio, offering strong risk-adjusted returns alongside elevated yields and secured credit risk. The stability and diversification offered by commercial mortgages remain key features for investors seeking income generation and portfolio resilience.

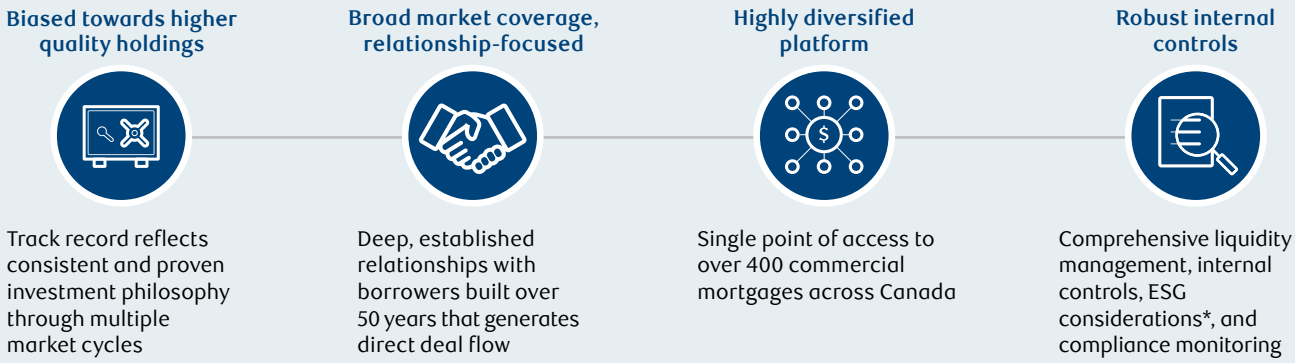
[11] Refers to the RBC Commercial Mortgage Fund

Commercial mortgages: Our approach

RBC Global Asset Management has been managing commercial mortgage investments for more than 50 years. While our capabilities have evolved, our focus on protecting investor capital while aiming to consistently deliver strong risk-adjusted returns remains in place.

At the core of the RBC GAM Private Markets Mortgage Investment team's approach is a central conviction that for clients who are able to tolerate the illiquidity of commercial mortgages, mortgage solutions can potentially improve the yield and diversification of their overall portfolio and provide a compelling entry point into the private credit sector. The goal across RBC GAM's commercial mortgage platform is to capitalize on the illiquidity premium offered by the mortgage market, while managing credit risk through diligent risk management and underwriting, and targeting quality properties, borrowers, and sponsors when originating new loans.

RBC GAM commercial mortgage platform: Strong competitive advantages through a nationwide $7.8 billion platform



The team focuses on investing in loans that offer attractive reward-for-risk, and benefits from strong access across the mortgage through our national origination network, as our platform and partnerships enable us to see almost every major debt opportunity in the Canadian commercial mortgage market. To support our clients' investment objectives, our platform offers access across the commercial mortgage risk and return spectrum from conventional to high yield, including strategies that comprise U.S. commercial mortgage-backed securities (CMBS).

*Please refer the ESG disclaimer at the end of the document.

Our approach to investing in private markets

RBC Global Asset Management has long been committed to the investment success of our clients. We combine a relentless pursuit of strong investment performance across a broad range of asset classes with thoughtful investment ideas and advice to help clients build resilient portfolios that are aligned with their long-term goals.

Private market asset classes such as real estate, infrastructure, and commercial mortgages offer a diverse range of domestic and international investment opportunities, with varying return and risk characteristics. By focusing on high-quality investment opportunities available within these asset classes, our flagship private market strategies are designed to provide investors with the building blocks to establish a long-term foundation for their investment portfolios, alongside traditional fixed income and equity investments. Our investment philosophy is guided by the following core principles:

Focus on core markets

Diversified portfolios of high-quality investments located in core markets deliver stable yields in our fixed income portfolios, and provide growing current income and long-term capital appreciation potential in our equity investments. In a global context, developed markets offer stable regulatory regimes that are conducive to investing in long-term real assets.

Responsible ownership

Active and engaged ownership is a critical aspect of our investment approach. We maintain constructive relationships across various stakeholders (e.g., property owners, tenants, regulators, customers, employees) and focus on long-term value creation with the goal of generating superior risk-adjusted returns for our investors.

Partnerships

Combining resources with strategic partners that bring complementary expertise in specific geographies and sectors creates an advantage in accessing and managing the high-quality investment opportunities we seek for our portfolios.

Liquidity management

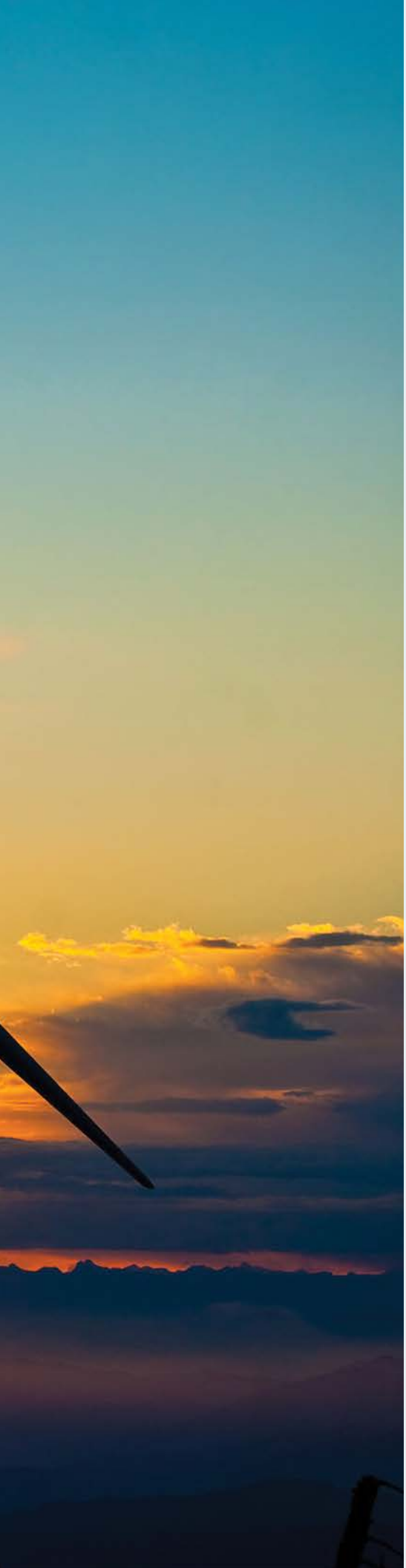
Maintaining diversified sources of liquidity and balance sheet strength is central to the way we manage all of our strategies.

Geographic focus

It is our view that the core Canadian real estate market provides an investable universe that is large and liquid enough to support high-performing and diverse mortgage and real estate portfolios while eliminating foreign tax and currency risk. This view is complemented by an infrastructure program that is globally diverse, primarily focused on developed markets outside of Canada.

Open-ended fund structures

All our strategies are offered through open-ended fund structures that allow investors to maintain long-term allocations to these fundamental elements of their investment portfolios.



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