

Insights

RBC Retirement Portfolios

Winter 2021 edition



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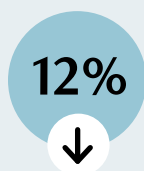
Weathering the storm

The world has changed a lot over the past year. The implications of the COVID-19 pandemic continue to echo across the globe. While there are blue skies on the horizon, the crisis has served as a reminder of the need to be prepared for a broad range of investment conditions - both good and bad.

This quarter, we take a look at the market conditions of the past year, what made your portfolio resilient, and our forecast for the year ahead.



Headwinds turn into tailwinds



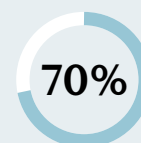
A drastic dip

How far the S&P 500* dropped on March 16th – its worst day since 1987.



Warming returns

Number of days for RBC Retirement 2040 Portfolio** to fully recover from the March 23 lows, rewarding investors who stayed the course.



Long-term trends

Portion of annual market* returns that were positive over the past 20 years.

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*S&P 500 Price Return (USD) on March 16, 2020, annual returns as of December 31, 2020.

**Series A units.

Helping you stay invested through all conditions

Your investment in RBC Retirement Portfolios is built to weather changing market conditions. Never was that more important than in 2020. The diversified nature of your portfolio protected your investment against the headwinds of the global pandemic. It also meant that your portfolio was well-positioned to benefit when conditions improved.

In this issue, we explore how portfolio resilience helped you navigate some pretty adverse market conditions. We also look forward with a forecast for 2021 and what's on our radar for the year ahead.

2020 Year in review

A diversified approach helped mitigate the effects of unseasonably high volatility.



The number of days with +/-2% returns



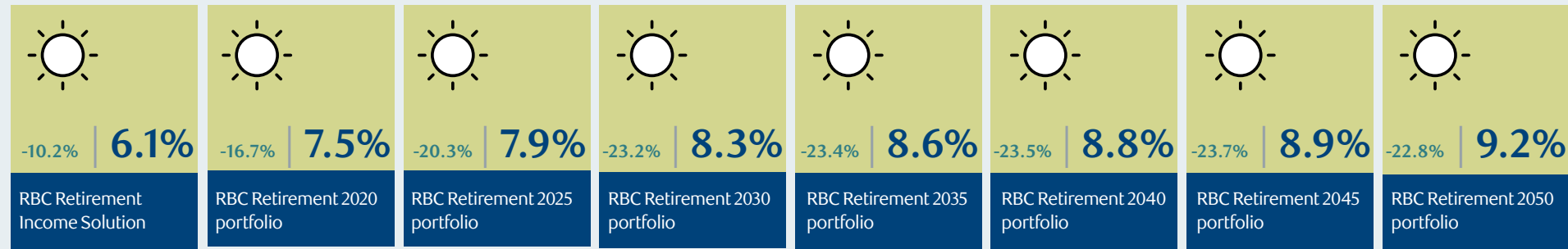
Definition

port-fo-li-o re-sil-i-ence

The ability of a portfolio to provide stable returns across all market cycles.

What it felt like vs. what it actually was

Sometimes there's a gap between what the thermometer says and what we experience when we step outside. The same held true for investment returns this year. At the height of the pandemic, harsh conditions made it feel like 2020 would be a turbulent year for the portfolios. But they bounced back to end the year in positive territory.



*RBC Retirement 2055 Portfolio and RBC Retirement 2060 Portfolio were launched in June 2020 and not included in this comparison.

■ Maximum drawdown ■ Calendar Return

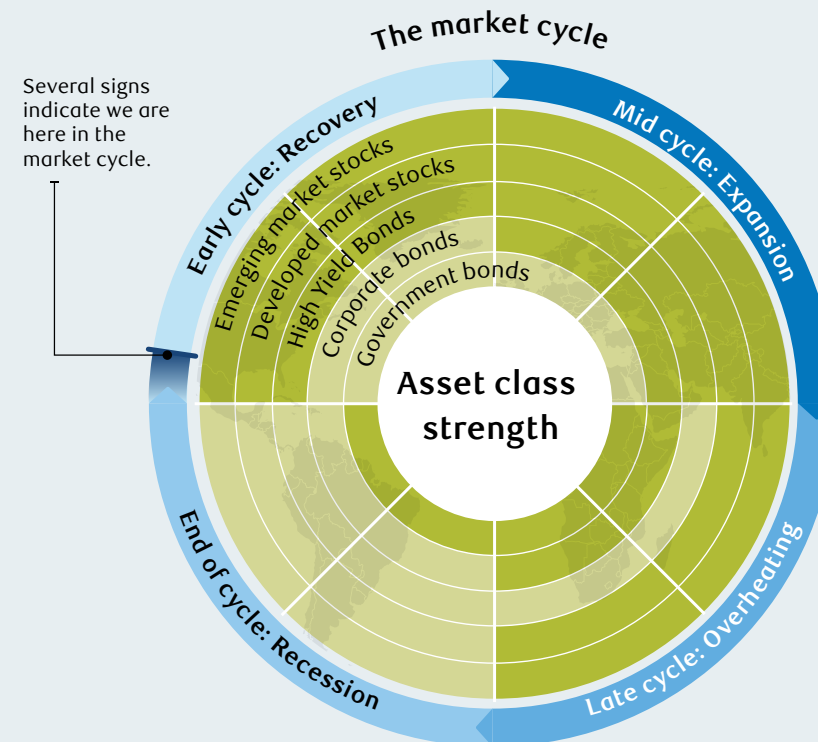


Your forecast for 2021: continued resilience

Diversifying across multiple regions and asset classes will remain vital given the range of impacts COVID-19 is having on global markets. Each component of your portfolio has a role to play at different points in the market cycle. Sometimes it's to provide stability. Sometimes it's to support growth. Together, these components make your portfolio resilient.

Weatherproofing your portfolio for all market conditions

Each RBC Retirement Portfolio holds between 12 and 29 underlying holdings across various asset classes and geographic regions. This is designed to include a component providing strength and balance to your portfolio, regardless of where we are in the market cycle.



Several signs indicate we are here in the market cycle.

Periods where asset classes show strength and weakness in the market cycle.
Weakness Strength
For illustrative purposes only.

Your RBC Retirement Portfolio is well-diversified and designed to adapt to all market conditions. Our goal is to not only help you weather the current storm. It's to keep you on track and well-positioned for clear skies ahead.



What's on our radar for 2021:

The world has changed a lot over the last year. While the initial shock of the pandemic has faded, a full return to normal isn't likely until a vaccine can be widely distributed or herd immunity is achieved.

Our investment teams are watching key issues such as the U.S. political transition, the shape of a post-Brexit U.K. economy, as well as the evolving impact of COVID-19 on the global economy and markets.

Looking forward, some events on our radar which could potentially influence our outlook are:



Potential challenges:

- The surge in COVID-19 cases and the possibility of subsequent waves
- Any problems with the deployment of vaccines
- High levels of unemployment and the multi-year journey toward a normal labour market
- High deficits and rising public debt levels



Potential positives:

- Rapid deployment of several highly effective vaccines
- A global economy that bounces back faster than expected
- Economy-friendly policies and diminished policy uncertainty in the U.S. following the election
- Continued low inflation

†S&P 500 Price Return (USD) as of December 31, 2020.

**Series A units.

Source: RBC GAM. Series A annualized performance as of December 31, 2020. Inception date for the following portfolios: October, 2016. RBC Retirement 2020 Portfolio 1yr: 7.5%, 3yr: 5.7%, Since inception (SI): 5.8%; RBC Retirement 2025 Portfolio 1yr: 7.9%, 3yr: 5.9%, SI: 6.3%; RBC Retirement 2030 Portfolio 1yr: 8.3%, 3yr: 6.4%, SI: 6.9%; RBC Retirement 2035 Portfolio 1yr: 8.6%, 3yr: 6.5%, SI: 6.9%; RBC Retirement 2040 Portfolio 1yr: 8.8%, 3yr: 6.5%, SI: 6.9%; RBC Retirement 2045 Portfolio 1yr: 8.9%, 3yr: 6.5%, SI: 7.0%; RBC Retirement 2050 Portfolio 1yr: 9.2%, 3yr: 6.2%, SI: 6.2%; RBC Retirement Income Solution 1yr: 6.1%, 3yr: 4.3%, SI: 3.7%.

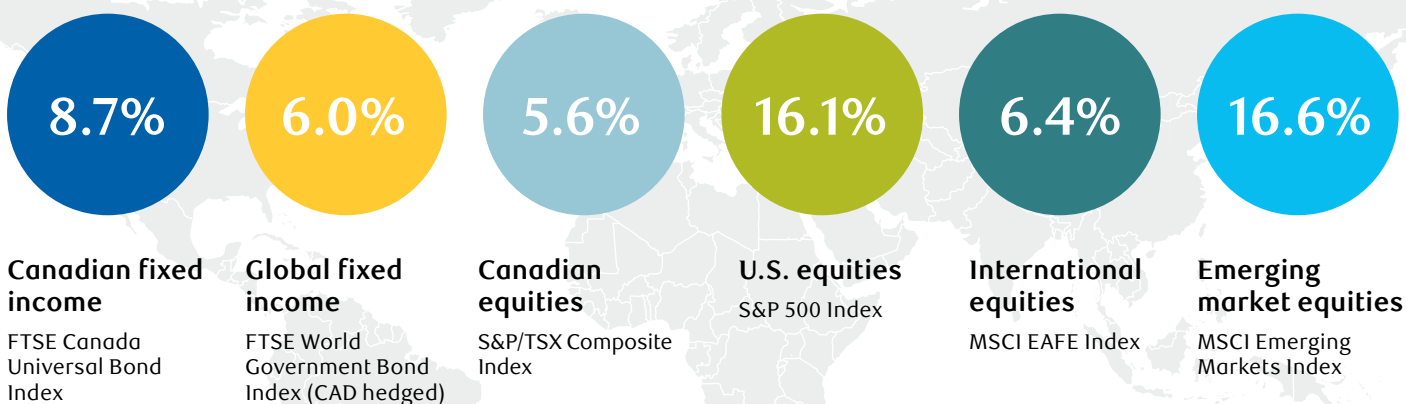


Portfolio manager viewpoint

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

Buoyed by ultra-low interest rates and fiscal stimulus, financial markets calmed and stocks rose to record levels as economic normalization drew closer and the recovery progressed. While tighter restrictions to combat the virus may cause some economic slippage in the near-term, transmission rates are slowing and vaccine developments are encouraging. Against this backdrop, stocks continue to offer superior return potential versus bonds. We expect yields to drift only slightly higher over the next year, presenting a modest headwind to total returns for bondholders. Although stocks may be expensive by some measures and optimism is elevated, the broadening equity-market rally across style, size and geography, the steepening yield curve and the weakening U.S. dollar support the idea that we could be in the beginning stages of a sustainable bull market.

Markets this quarter¹



For the complete New Year 2021 Global Investment Outlook, please visit rbcgam.com/gio

¹All returns are in C\$ except where indicated. Canadian, U.S., International and Emerging Markets index returns are total returns. An investment cannot be made directly into an index. The above does not reflect transaction costs, investment management fees or taxes. If such costs and fees were reflected, returns would be lower. Past performance is not a guarantee of future results.

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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