

# Insights

## RBC Retirement Portfolios

Winter 2022



116751 (01/2022)

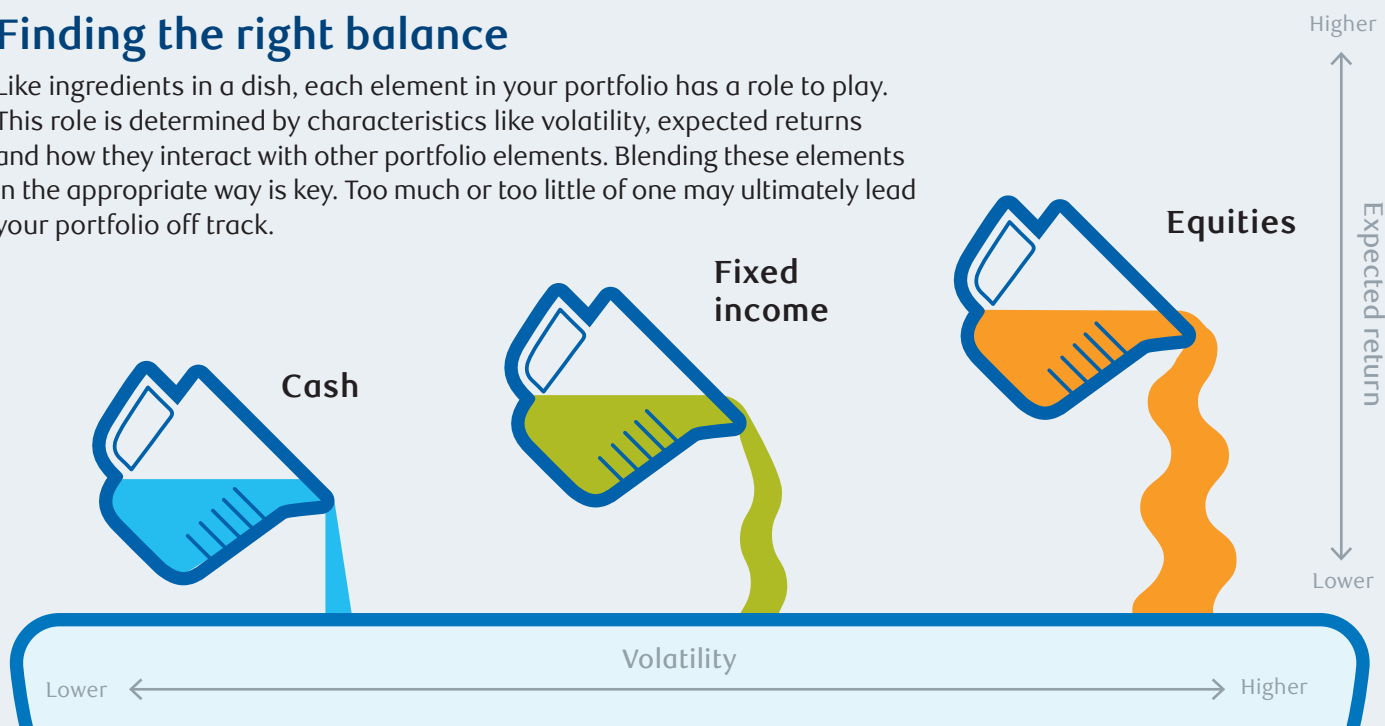


## A recipe for investment success

There is an art to great cooking. Ingredients need to be carefully blended together to get it just right. Finding the balance in flavours differentiates a good meal from a great one. The same concept applies to your investment portfolio. A well-balanced portfolio can help you navigate rapidly changing markets which was key over the past year.

### Finding the right balance

Like ingredients in a dish, each element in your portfolio has a role to play. This role is determined by characteristics like volatility, expected returns and how they interact with other portfolio elements. Blending these elements in the appropriate way is key. Too much or too little of one may ultimately lead your portfolio off track.



### Looking for more investment insights?

Investment trends change quickly and often. Subscribe today to receive the latest market insights from our thought leaders directly in your inbox. To learn more, please visit: [rbcgam.com/insights](https://rbcgam.com/insights)

# Creating a well-balanced portfolio

Much like a skilled chef balances flavours to create a well-rounded dish; RBC Global Asset Management (RBC GAM) combines elements in a portfolio to create a well-balanced investment. In this issue, we share our secret sauce to managing RBC Retirement Portfolios.

## 1. Actively managing the asset mix

Our active approach means your portfolio remains well-positioned and aligned with your tolerance for risk.

Some of the ways we do this include:

- **Active daily management:** we use daily cash flows to help manage portfolio drift and keep trading costs low.
- **Annually adjusting the asset mix:** we automatically adjust your asset mix at the beginning of each year to keep your portfolio in line with where you are on your retirement timeline.

Retirement timeline				
Working and saving years		Transition to retirement		Drawing income
Early accumulation	Accumulation	10 years before retirement	5 years into retirement	Rest of retirement
A lower allocation to equities in the early saving years to introduce the concept of risk and return.	Greater exposure to equities in peak earning years.	Long, slow equity weight reduction to provide some growth potential in the transition years.		Portfolio focused on generating flexible, tax-efficient cash flow.

## 2. Incorporating our daily insights

When you invest in RBC Retirement Portfolios, you are investing with RBC GAM. This means your portfolio is built using high quality funds that incorporate daily insights and expertise of over 350 investment professionals globally.

24

investment teams in key markets

4

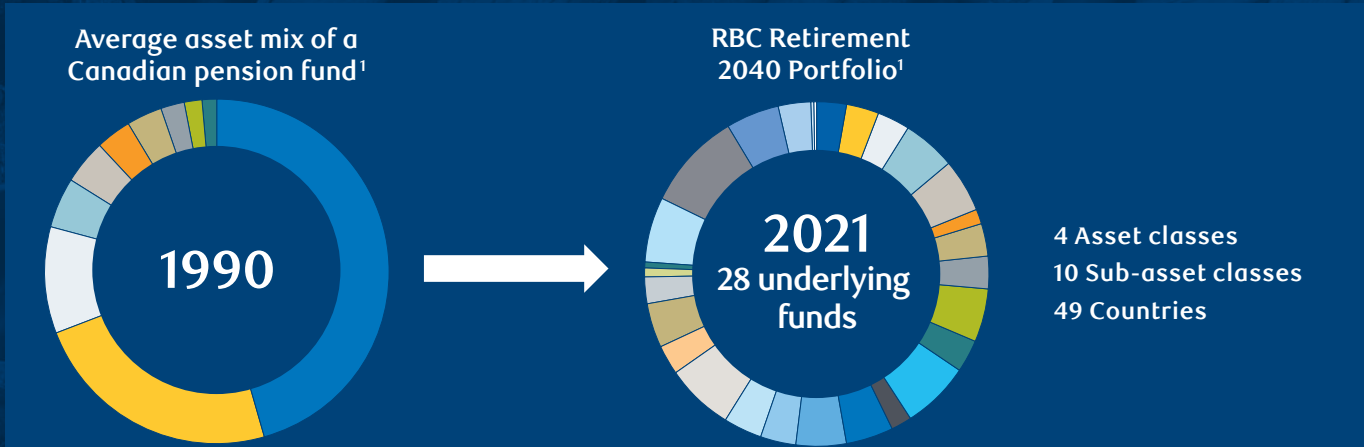
specialty research and development teams

7

offices on 3 continents

## 3. Keeping your portfolio current

Just like tastes have evolved over time, so too have investment markets. We manage your portfolio to keep it effectively diversified for today's markets and well-positioned over the long-term.



<sup>1</sup>Source: Pension Investment Association of Canada, 1990 asset mix report. RBC GAM. Charts are for illustrative purposes only.

We allocate your portfolio across a broad mix of asset classes, regions and investment styles:

How we allocate your asset mix	Why is this important?
A mix of domestic and global government, investment grade bonds, as well as high yield and Emerging Market bonds.	Diversification across geographies and credit sectors is key in a rising rate environment.
Broad exposure to opportunity-rich global equity markets.	Investing globally improves diversification, making it an effective way to manage volatility.
Over the past two years, we added exposure to Alternatives through an allocation to RBC Canadian Core Real Estate Fund.	Alternative investment strategies, like direct real estate, have become important tools for portfolio diversification.

## Helping you maintain balance in 2022

The diversified nature of your investment combined with our global expertise has kept your portfolio well-positioned over the past year. This approach will remain key in the year ahead as the world continues to navigate moderating economic growth, fading stimulus and potential virus variant flare ups.

Our goal is to keep you well balanced and on track towards achieving your long-term financial goals.



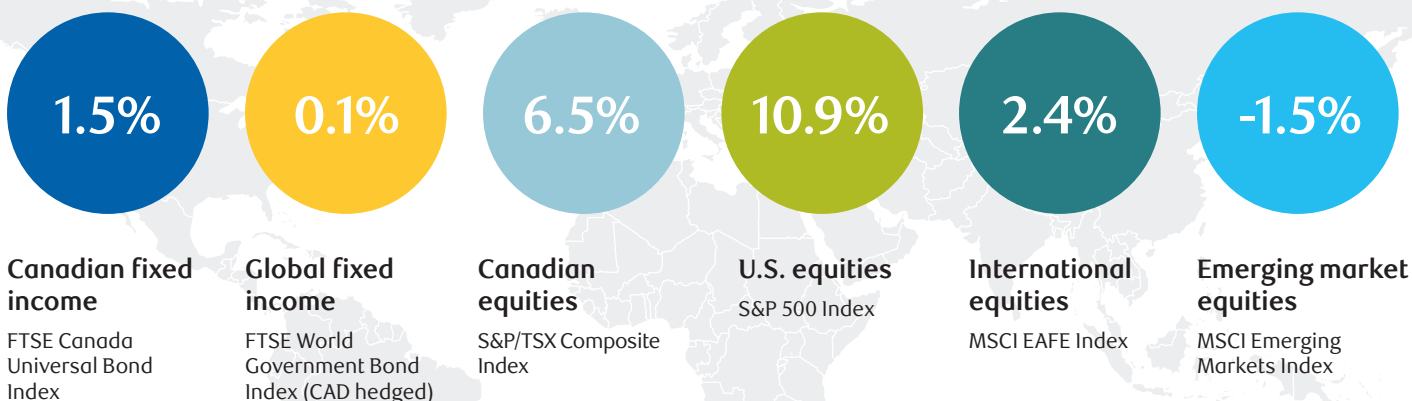


## Portfolio manager viewpoint

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

Economic conditions and our growth forecasts remain good by historical standards, but have moderated amid headwinds from the new coronavirus variant, high inflation, supply chain challenges and less monetary and fiscal support. Bond yields declined toward the end of the year as growth slowed and concerns mounted about the Omicron variant. We expect yields to gradually increase with an upward adjustment in real interest rates, resulting in low or slightly negative returns on bonds. We remain underweight fixed income as a result. Stocks continue to offer better return potential in a low interest rate and normal inflation environment, especially if earnings growth remains solid and investors remain optimistic to support demanding valuations.

### Markets this quarter<sup>1</sup>



For the complete New Year 2022 Global Investment Outlook, please visit [rbcgam.com/gio](https://rbcgam.com/gio)

<sup>1</sup>All 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.

> Call 1-800-463-3863

> Email [funds.investments@rbc.com](mailto:funds.investments@rbc.com)

> Visit [rbcgam.com](https://rbcgam.com)

@rbcgamnews RBC Global Asset Management



All opinions contained in this document constitute our judgment as of December 31, 2021, and are subject to change without notice. RBC Funds, PH&N Funds and BlueBay Funds are offered by RBC Global Asset Management Inc. and distributed through authorized dealers in Canada. Please consult your advisor and read the prospectus or Fund Facts documents before investing. There may be commissions, trailing commissions, management fees and expenses associated with mutual fund investments. Mutual fund securities are not guaranteed, their values change frequently and past performance may not be repeated.

® / ™ Trademark(s) of Royal Bank of Canada. Used under licence. © RBC Global Asset Management Inc. 2022