Investment UPDATE

Summer 2026 edition

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Your money, your timeline

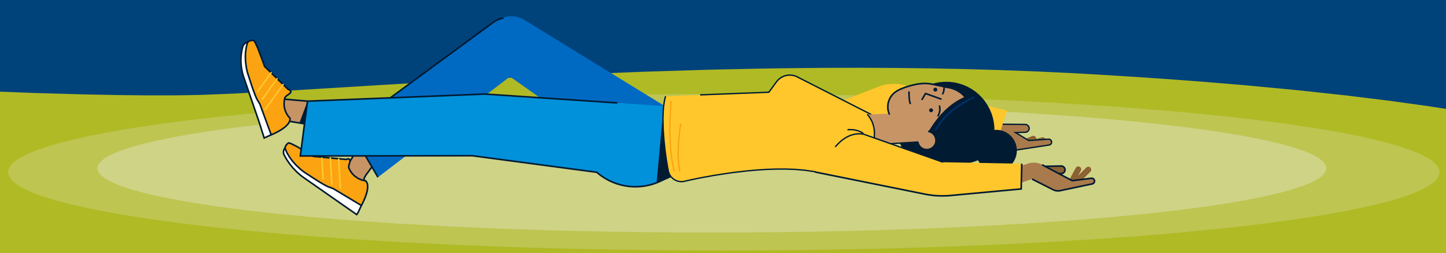
Planning for your future starts with thinking about your goals. What are you saving for? Retirement? A home? A car? Or perhaps a dream vacation? Each goal has its own timeline – and its own investment strategy.

Once you know your goals, the next step is choosing the right path forward for you. Will a savings account or GIC help you reach your objective? Or does your goal require more growth potential through investments like stocks or bonds? Choosing the right investments gives you the best opportunity to meet your objectives.

Beyond the headlines: Your long-term vision

Sometimes, market volatility and sensational headlines may cause you to delay important investment decisions. During these moments, it's essential to maintain a long-term perspective.

GEOPOLITICAL CHINA
U.S.- IRAN CONFLICT ENERGY WAR
BLOCKADE DIPLOMACY INFLATION INTEREST RATES
CONFLICT TECH OIL CEASEFIRE MIDDLE-EAST UNEMPLOYMENT
SUPPLY CHAIN TRUMP AI STRAIT OF HORMUZ SHIPPING
SANCTIONS VOLATILITY NVIDIA S&P500
RUSSIA - UKRAINE WAR SEMICONDUCTORS
PRODUCTIVITY INTERVENTION



Short term or long term? It changes everything.

Not all financial goals require the same investment strategy. Your timeline is one of the factors that determines where you can invest your money. Whether you're saving for a down payment in two years or retirement in 20, matching your approach to your timeline will be key to your success.

If your goal is within five years:

If you are risk averse, consider a savings account, GIC or a lower-risk portfolio weighted toward bonds. Why? Because stock markets will shift from time to time – and in a shorter period like five years, markets may not have enough time to recover from a downturn.

Cash can serve multiple purposes and can be handy when you need it most, including:

An emergency fund

for unexpected expenses like car repairs, replacing home appliances, or a sudden change in living costs.

Retirement income withdrawals

to help cover your monthly expenses after you retire.

Saving for major purchases

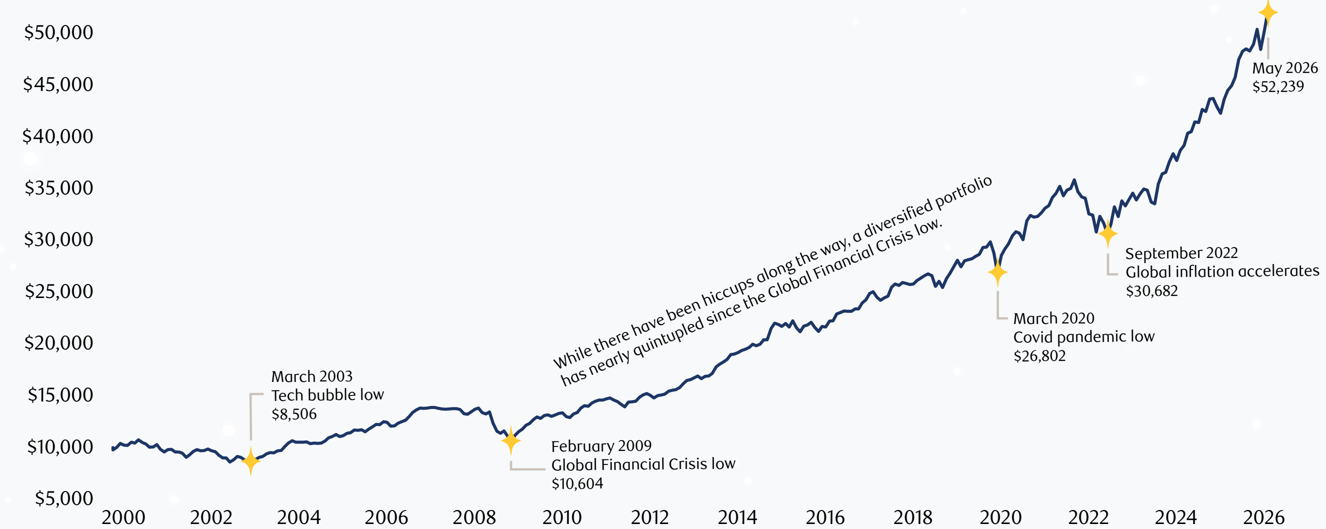
such as a wedding or a home down payment.

If your goal is more than five or 10 years away:

Depending on your personal circumstances, if you're looking for balanced growth, consider a diversified portfolio. A diversified portfolio combines both stocks and bonds. Stocks fuel long-term growth. Bonds act as a stabilizing force – helping to cushion your portfolio against the volatility of the stock market. They can also add moderate growth potential and regular income.

Even the clearest night sky has clouds. Since we entered the 2000's, a diversified portfolio has delivered positive calendar year returns 81% of the time, weathering heavy clouds along the way – the tech bubble in the early 2000s and the Global Financial Crisis in 2008. Those investors who looked beyond short-term storms found the path to exceptional long-term gains. Staying focused on the horizon can help transform patient investing into powerful results.

A diversified portfolio has provided long-term growth



Source: RBC Global Asset Management and Morningstar. Growth of $10,000 from January 1, 2000 to May 31, 2026. Returns in CAD. Diversified Portfolio assumes monthly rebalancing as represented by 2% Cash, 38% Fixed Income, 15% Canadian Equities, 25% U.S. Equities, 15% International Equities and 5% Emerging Market Equities. Cash represented by FTSE Canada Canadian 30-Day Treasury Bill; Fixed Income represented by FTSE Canada Universe Bond Index; Canadian Equities represented by S&P/TSX Composite Index; U.S. Equities represented by S&P 500 Index; International Equities represented by MSCI EAFE Index; Emerging Market Equities represented by MSCI Emerging Markets Index. The graph 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.

When you invest, remember:

1. **Pullbacks = opportunity**
   Market dips can be buying opportunities. History shows that investing during downturns often leads to stronger long-term gains.

2. **Time > timing**
   The market rewards patience, not prediction. Up days outnumber down days. Staying invested ensures you capture the market's long-term growth.

3. **Diversify for resilience**
   A diversified portfolio reduces the impact of market swings and helps improve your chances of consistent growth.

4. **Advice matters**
   A personalized plan – built around your goals, timeline and comfort level with risk – keeps you on track when markets get noisy.

Ready to get started?

No matter where you are in life, the right strategy can help make your money work harder for you. Speak with an RBC advisor today and take the next step towards meeting your financial goals.

One-minute market update

Economy

- The economic backdrop remains surprisingly resilient despite the energy shock, with economic data in both the U.S. and the G10 better than it was a year ago.
- Important tailwinds related to AI spending, fiscal stimulus and increased productivity are all contributing to an improving outlook for corporate profits.
- We anticipate a headwind to the economy from the energy shock but, in our view, any dip in growth should be fairly mild and partially reversed later.
- Our GDP forecasts are still primarily above consensus, and we deem the risk of recession to be low.

Fixed income

- Central banks are now considering rate hikes due to the combination of still-resilient economic growth paired with higher energy prices and broadening of inflation pressures.
- The return potential for sovereign bonds has improved following the recent rise in yields.
- At these higher yields, our model suggests U.S. 10-year bonds offer improved return potential with minimal valuation risk.
- We forecast low-to-mid single-digit returns for government bonds, with the potential to earn higher returns in corporate bonds, though the added compensation for taking credit risk is historically small.

Equity markets

- A surge in AI-related spending fuelled an earnings boom that propelled stocks to new highs.
- The consensus S&P 500 earnings estimate for 2026 has been revised higher by a remarkable 20% over the past year, with analysts now looking for strong earnings growth to persist over the next several years.
- Following the strong gains of the past quarter, stocks are pricing in an optimistic scenario, assuming that the supportive macro backdrop and rapidly growing profits persist.
- We expect many of the positive tailwinds to last and recognize that earnings can continue to exceed expectations. But if the outlook were to worsen, stocks would be vulnerable from their lofty starting point.

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