

Investment UPDATE

Winter 2018 Edition



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Goal setting – a worthwhile New Year's resolution

Building a house without a blueprint, facing off against the opposing team in the Olympics without a strategy, trying to reach a destination without a map – what do they all have in common? There's no plan and, without a plan, it's hard to succeed at whatever you are trying to achieve.

Setting yourself up for success

A plan is also crucial when it comes to investing. With the proper strategy in place, you're more likely to save regularly, build your wealth and achieve your investment goals. RBC® advisors can help you get there.

Turning dreams into reality – The importance of establishing your goals

It has been said that a goal without a plan is a wish*. So, it's time well spent to reflect on what you want to accomplish, including short- and long-term goals, as well as how to prepare for unexpected emergencies. Goal-setting is the first step in building your plan because it provides structure. When it comes to investment planning, goals play an important part in determining your time horizon (how long you have to invest and grow your money), level of risk you need to or can take (establishing the proper asset mix) and helping you stay focused.

RRSP CONTRIBUTION DEADLINE
2017 TAX YEAR



MARCH 1ST
2018

*Attributed to author Antoine de St-Exupery

Common financial goals include:



Comfortable
retirement



Down payment
for a home



Travel/
Vacation



Paying for
a wedding



A new car



Child's
education



Putting your plan into action

After establishing your goals and building the right plan – customized and personalized just for you with your RBC advisor – the next step is putting that plan into action. Your RBC advisor can help keep your plan on track by following the fundamentals of successful investing:

1

INVEST EARLY Start investing as early as possible to benefit from the power of compounding. Time is one of the most powerful elements in your investment plan - see the chart to the right to see why.

2

INVEST REGULARLY A regular investment plan allows you to choose when and how often you make contributions to ensure that investing remains a priority throughout the year.

3

INVEST ENOUGH Your advisor can help you assess how much you need to save to reach your goal within your desired timeframe.

4

DIVERSIFY This means managing the risk and return potential of your portfolio by investing across a variety of asset classes, sectors, companies and geographic regions instead of focusing on just one or a few.

5

SEEK ADVICE Advisors can offer impartial recommendations for your investment portfolio by helping you identify your investment objectives, risk tolerance and time horizon. Then, they can build a portfolio with these factors in mind, designed to reach your goals.

The earlier you start, the less monthly savings you need

Monthly savings required to accumulate

\$1 million by age 65

\$4,660.14



Assumes a 6% annualized rate of return. The rate of return is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of a mutual fund or returns on investment in a mutual fund.

Source: RBC Global Asset Management Inc.

Resolve to stay on track

Check in with your RBC advisor annually if not more frequently, especially whenever you have a major life event, like a new job, getting married or divorced or having children. This helps ensure that:

- Your plan is updated to reflect any changes to your goals
- Your existing investment holdings are reviewed and you get updates on how they are performing
- You are on track to reach your goals, and if not, you find out how to get back on track
- You monitor and adjust your portfolio as needed

The New Year is a great time to review your existing plan. Talk to your RBC advisor today – they're just a call or click away!

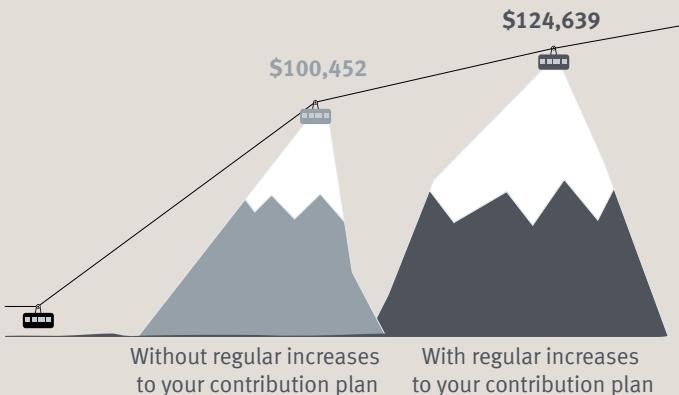
TWO GREAT RESOLUTIONS: START A REGULAR CONTRIBUTION PLAN AND INCREASE YOUR SAVINGS PLAN REGULARLY

The New Year is a great time to review your contribution levels or set up a pre-authorized contribution plan (PAC) if you haven't already. It's easy to do and makes saving automatic.

Once you've set up regular contributions, think about increasing the amount on a regular basis. Even small increases can help offset the impact of inflation. This year, instead of saving the same amount as you did last year, give yourself a "savings raise" and save just a bit more - it will help you achieve your goals faster.

Graph shows growth of \$100, invested monthly, at a 6% annual growth rate over 30 years versus growth of \$100, invested monthly, but increase by 2% on January 1st each year. Source: RBC Global Asset Management Inc.

Get to the summit quicker: Increasing your savings regularly pays off



In case it slipped your mind, tax season is just around the corner

Your 2017 tax slips are on their way. Here's an overview of the most common tax slips you may receive and what they tell you:

RRSP Contribution Receipt

These receipts show the amount you have contributed to your RRSP. Use them to claim your RRSP contribution deduction on your tax return.

Receipts for RRSP contributions made from March 2 to December 31, 2017 are mailed in late January, while receipts for RRSP contributions made in the first 60 days of 2018 are mailed in mid-March.

		RECEIPT NO. 001442487	
		ROYAL BANK RETIREMENT SAVINGS PLAN REGISTERED UNDER THE INCOME TAX ACT AND SUBJECT THERETO	
P.O. BOX 6001, STN A	ACCOUNT NO. SOCIAL INSURANCE NO.	CONTRIBUTION AMOUNT:	\$3,000.00
MONTREAL, QC	H3C 3A9	CONTRIBUTION PERIOD FIRST 60 DAYS OF 2017	

T3 – Statement of Trust Income Allocations and Designations

You receive a T3 if you have income from trust-based investments, such as mutual funds in non-registered accounts. Use it to report your investment income, including interest, dividends or capital gains, and to determine your dividend tax credit eligibility.

		Statement of Trust Income Allocations and Designations Etat des revenus de fiducie (répartitions et attributions) T3	
Actual amount of eligible dividends Montant réel des dividendes éligibles déterminés	Year Année	Taxable amount of eligible dividends Montant imposable des dividendes éligibles déterminés	Dividend tax credit for eligible dividends Crédit d'impôt pour les dividendes éligibles déterminés
Actual amount of dividends other than eligible dividends Montant réel des dividendes autres que des dividendes éligibles		Taxable amount of dividends other than eligible dividends Montant imposable des dividendes autres que des dividendes éligibles	Dividend tax credit for dividends other than eligible dividends Crédit d'impôt pour les dividendes autres que des dividendes éligibles
Other information (see the back) Autres renseignements (voir le verso)	Box / Case Boîte / Casier	Amount / Montant	Box / Case Boîte / Casier
			Amount / Montant
Recipient's name (last name first) and address – Nom, prénom et adresse du bénéficiaire		Trust's name and address – Nom et adresse de la fiducie	

T5 – Statement of Investment Income

A T5 provides an overview of non-trust-based investment income you've earned, including interest, dividends and capital gains dividends. It also includes certain types of foreign income (note: if that income is reported in a foreign currency, it must be converted to Canadian dollars when reported on your tax return).

		T5 Statement of Investment Income Etat des revenus de placement	
Dividends from Canadian corporations – Dividendes de sociétés canadiennes	Year Année	Protected B / Protégé B when completed / une fois rempli	
24 Actual amount of eligible dividends Montant réel des dividendes éligibles déterminés	25 Taxable amount of eligible dividends Montant imposable des dividendes éligibles déterminés	26 Dividend tax credit for eligible dividends Crédit d'impôt pour les dividendes éligibles déterminés	27 Interest from Canadian sources Intérêts de sources canadiennes
10 Actual amount of dividends other than eligible dividends Montant réel des dividendes autres que des dividendes éligibles	11 Taxable amount of dividends other than eligible dividends Montant imposable des dividendes autres que des dividendes éligibles	12 Dividend tax credit for dividends other than eligible dividends Crédit d'impôt pour les dividendes autres que des dividendes éligibles	13 Capital gains dividends Dividendes sur gains en capital
Other information (see the back) Autres renseignements (voir le verso)	Box / Case Boîte / Casier	Amount / Montant	Box / Case Boîte / Casier
			Amount / Montant
Recipient's name (last name first) and address – Nom, prénom et adresse du bénéficiaire		Payer's name and address – Nom et adresse du payeur	

T5008 – Statement of Securities Transactions

If you sold mutual funds in a non-registered account in calendar year 2017, you will receive a T5008 from your mutual fund company. Use the T5008 to report your capital gains/losses for the year on your tax return.

T3, T5 and T5008 tax slips are mailed in late February.

		T5008 Canada Revenue Agency Agence du revenu du Canada Statement of Securities Transactions Etat des opérations sur titres					
Year Année	Report Code Code du feuillet	Recipient Type Type de bénéficiaire	Recipient Identification Number Numéro d'identification du bénéficiaire				
14 Date MM/DD MMJJ	16 Quantity of securities Quantité de titres	17 Identification of securities Désignation des titres	13 Foreign Currency Devises étrangères	15 Type Code of Securities Code de genre de titres	20 Cost or book value Coût ou valeur comptable	21 Proceeds of disposition or settlement amount Produits de disposition ou paiements	18 ISIN/CUSIP Number Numéro ISIN/CUSIP

Important update regarding non-redeemable GICs

As a result of regulatory changes, effective March 2018, RBC will be limiting the early redemption of a Non-Redeemable GIC, except in exceptional cases that would qualify as hardship. In cases other than hardship, a penalty will be applied that will be greater than the interest you would have received.

For additional information, please contact your local RBC branch.



ONE-MINUTE MARKET UPDATE

ECONOMY

- The global economy is running at its fastest clip in seven years supported by an increasingly broad-based expansion, favourable financial conditions and a strong sense of optimism among businesses and consumers.
- The aging business cycle, protectionism and precarious international relations may pose challenges to the economy, but the balance of risks and opportunities, in our view, tilts towards expansion.
- We have nudged our global growth forecasts higher for 2018 and continue to look for firming inflation. Our forecasts for growth and inflation are above the consensus.

FIXED INCOME

- We expect bond yields to move higher at a gradual pace, supported by an improving economy and the fact that central banks continue to tighten monetary policies.
- Real interest rates have been depressed by unorthodox monetary policy and a heightened demand for safe-haven assets, but investors (savers) will at some point demand a true after-inflation payment to defer consumption, resulting in an upward bias to bond yields.
- The capital loss from rising yields is likely to offset any income earned from coupon payments, resulting in low or even negative returns for sovereign bonds.

EQUITY MARKETS

- Global stock markets continue to be supported by the synchronized global expansion and better-than-expected corporate profit growth around the world, but the recent rally has pushed equities closer to fair value.
- Without support from rising valuations, further gains in stocks will likely be paced by corporate profit growth.
- Earnings have indeed been coming through and analysts are optimistic that the positive trend can persist. Corporate tax cuts in the U.S. could provide an additional boost to profits.
- In our view, equities continue to offer superior total-return potential compared to fixed income and we have maintained our moderate overweight in stocks and underweight bonds as a result.



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