

# Insights

## RBC Select Portfolios

Winter 2020 edition

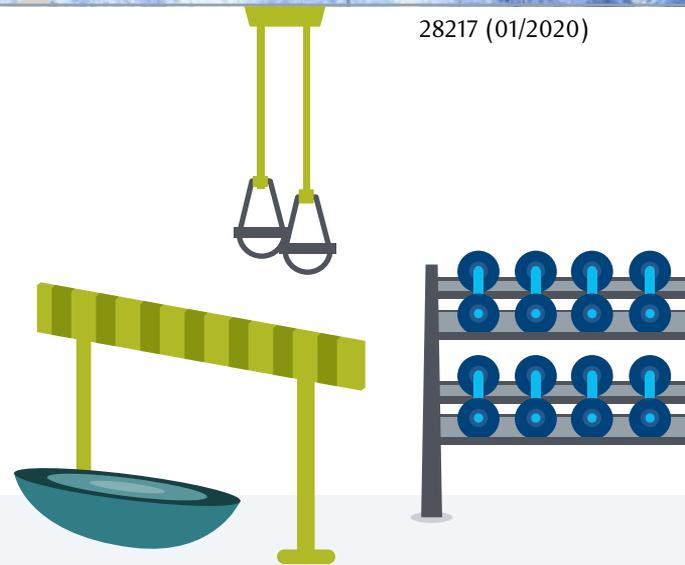


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## How fit is your portfolio?

The start of a new year often serves as a time to reflect back on the past 12 months. How did we do in achieving our goals? Where are we today? Where would we like to be in the future?

Many people will be focusing on their health and fitness as 2020 begins. Likewise, in this issue of Insights, we pause to ask: how fit is RBC Select Portfolios? Here are the results of our review.



## Did you know?



RBC Select Portfolios actively adjusted underlying holdings on 86% of trading days in 2019.



Despite negative headlines, U.S. equities was one of the top performing asset classes last year.



Investment committees at RBC GAM gathered 24 times in 2019 to deliberate the direction of global markets

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# Fitness report: RBC Select Portfolios 2019

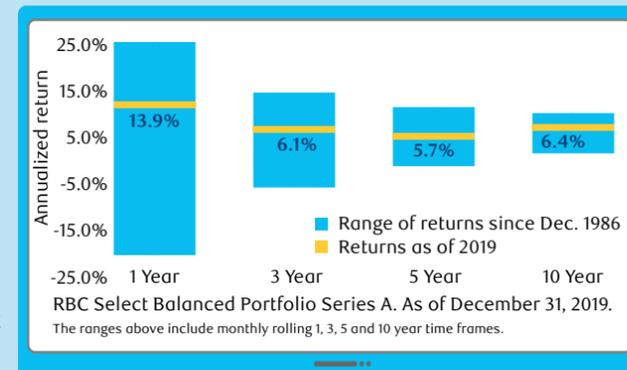
In 2019, all five RBC Select Portfolios delivered positive returns for investors. Strength across global markets, the addition of new asset classes to the portfolios and tactical asset mix changes were key factors that helped strengthen the portfolios' long-term track records.



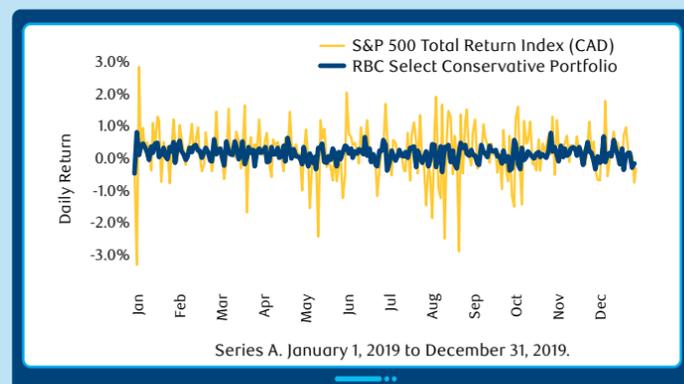
Individual risk tolerances can change. For flexibility, we have a portfolio for each level of expected risk. Here we've plotted 2019 returns for each RBC Select Portfolio against their level of volatility.

## Endurance of 30+ years of investment expertise

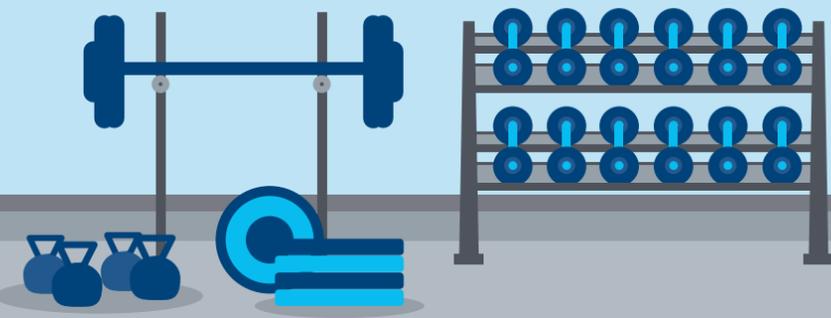
RBC Select Portfolios have endured a wide range of market environments in their 33-year history. Short-term investment periods can be unsteady. But long-term returns settle into a much narrower range of ups and downs.



## Strength to withstand market noise



Thanks to broad diversification, RBC Select Conservative Portfolio delivered a strong return of 10.8% in 2019. That's 43% of the return of the S&P 500 with only 29% of the volatility.<sup>1</sup>



## Agility to respond to new opportunities

One of the most important features of your RBC Select Portfolio is the ability for us to position your portfolio based on where we believe markets are heading. In 2019, we actively adjusted your portfolio a number of times. We also added new capabilities.

- 6 tactical asset mix changes in 2019
- 2 new underlying funds added to RBC Select Portfolios:

- RBC Canadian Core Real Estate Fund
- RBC Emerging Markets Equity Focus Fund



## Balance for a smoother investment experience

Investing in different regions and asset classes helps create balance in your portfolio. This year, U.S. equities was the top performing asset class, but that's not always the case. RBC Select Portfolios maintains a healthy mix of investments for a smoother investment experience as market leaders change.



## Keep your portfolio healthy in 2020:

When working towards your goals, advice and encouragement can go a long way. Your RBC advisor is a lot like your personal trainer... there to provide tools and resources and share the right techniques to help you move closer to your financial fitness goals in 2020.

13.9%  
RBC Select Balanced Portfolio

<sup>1</sup> RBC Select Conservative Portfolio's investment mandate does not aim to replicate the performance of the S&P 500. This commentary and companion chart is intended to illustrate how daily market headlines (typically using the S&P 500) depict a greater degree of volatility than a diversified investor is likely to experience.

Source: RBC GAM. Series A annualized performance as of December 31, 2019: RBC Select Very Conservative Portfolio 1yr: 8.9%, 3yr: 3.5%, 5yr: 3.4%, 10yr: 4.1%; RBC Select Conservative Portfolio 1yr: 10.8%, 3yr: 4.4%, 5yr: 4.3%, 10yr: 5%; RBC Select Balanced Portfolio 1yr: 13.9%, 3yr: 6.1%, 5yr: 5.7%, 10yr: 6.4%; RBC Select Growth Portfolio 1yr: 15.6%, 3yr: 6.9%, 5yr: 6.5%, 10yr: 7%; RBC Select Aggressive Growth Portfolio 1yr: 18.6%, 3yr: 8.2%, 5yr: 7.7%, 10yr: 8.1%.



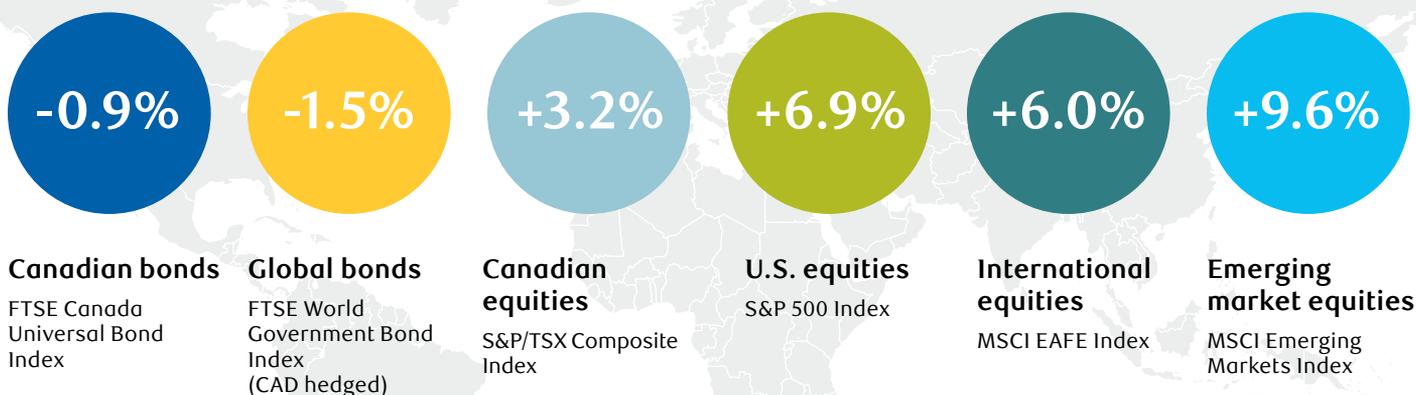
## Portfolio manager viewpoint

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

Financial markets staged a solid recovery in 2019 as a number of key macro challenges from last year faded and new tailwinds emerged. Although risks remain, several positive signals have led us to a more constructive outlook with lesser odds of a negative scenario unfolding. We expect global growth in 2020 to match that of 2019 and have lowered our assessment of the risk of recession. Stocks offer the

potential for bigger gains compared to bonds and, balancing the risks and rewards, we think that the risk premium between stocks and bonds is worth capturing at this time. Stabilization in economic leading indicators, the rotation into value, and improving global market breadth have heightened our conviction in a positive outcome for risk assets. As a result, we added two percentage points to our equity allocation this quarter, sourced from cash.

## Markets this quarter<sup>2</sup>



For the New Year 2020 Global Investment Outlook, please visit [rbcgam.com/gio](http://rbcgam.com/gio)

<sup>2</sup>All returns are in C\$ except where indicated. Canadian, U.S., MSCI EAFE and MSCI Emerging Markets index returns are total returns. Cash represented by FTSE Canada 30 Day T-Bill Index; U.S. high yield bonds represented by ICE BofAML US High-Yield BB-B Total Return Index (CAD hedged). 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 Select Portfolios as part of your investment plan. If you have any questions or comments, please contact us or your advisor.

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RBC Global Asset Management



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