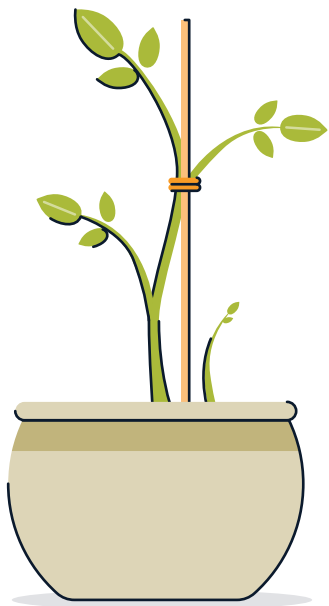


Investment UPDATE

Spring 2026 edition



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Planting the seeds for your future wealth

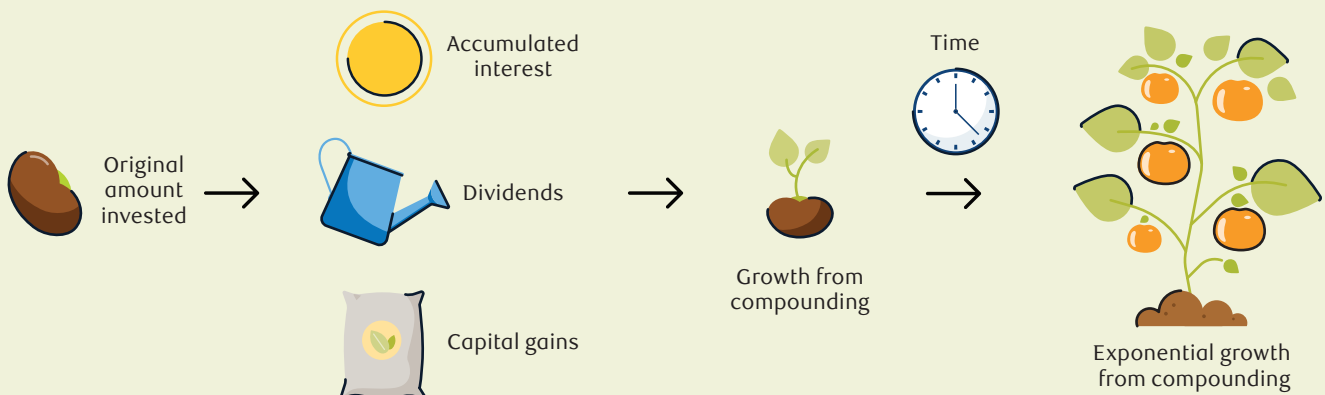
Do you grow a garden every year? If so, you know how much time it takes to prepare the soil, plant seeds, and maintain everything through consistent watering and care. You also know how early you need to start to have peas in June or strawberries in July. But when harvest season arrives, all your effort pays off.

A similar principle applies to investing. The earlier you start investing, the more time your money has to grow. While saving can help provide you with security and modest gains, investing helps your money work harder for you. You don't need large sums to build wealth; little seeds will get you started. But staying invested over many years can make a meaningful difference – thanks to the power of compounding.

In this issue of **Investment Update**, we'll dive into the benefits of compounding and why starting early matters for your long-term wealth.

The power of compounding

Albert Einstein allegedly called compounding “the eighth wonder of the world” because of how dramatically it can grow your wealth over time. When your investments grow not only on the original amount you invested, but also on any accumulated interest, dividends and capital gains, it creates a snowball effect that can dramatically grow your wealth over time.

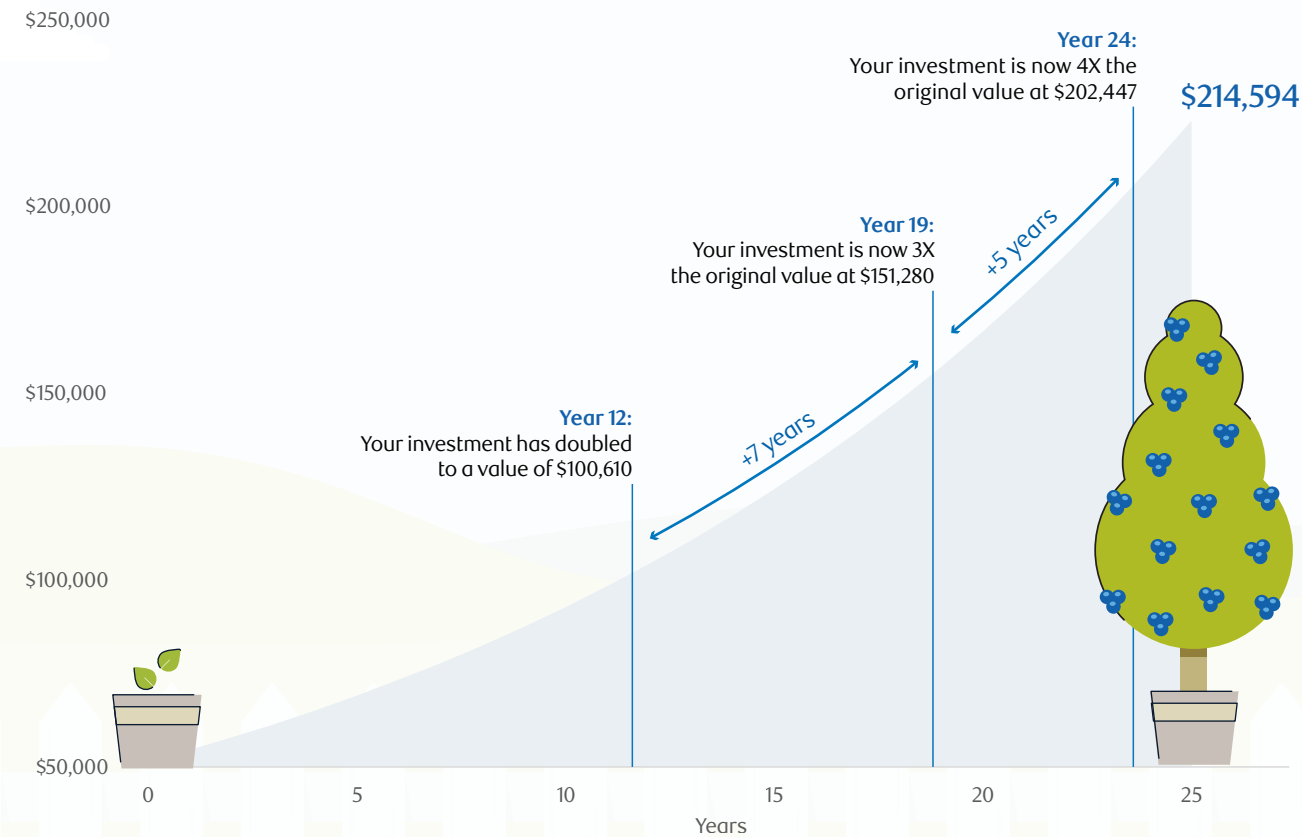


Nurturing long-term wealth

Like preparing a garden to maximize your harvest, when you start to invest early, your money can work harder for you over time. That's because the longer your dollars stay invested, the more time your investment returns have to compound.

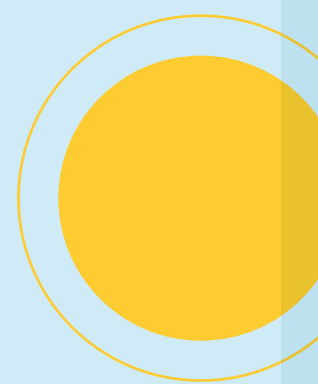
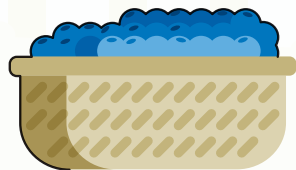
Let's look at the power of compounding

An initial investment of \$50,000 earning an average return of 6% a year for 25 years will have grown over 4X to a value of \$214,594.



Source: RBC Global Asset Management Inc. For illustrative purposes only to show the effects of compounding and is not intended to reflect future values of any particular investment.

To sum it up, three factors contribute to a better compounding effect: the amount and frequency that you invest, the length of time you stay invested, and the rate of return on your investment. Combining these factors over decades can enable your money to compound and grow exponentially—a benefit that saving alone generally cannot match.



5 tips to help your garden flourish



1. Plant with purpose, focus on your goals

Remember why you started to invest in the first place. Market shifts are like temporary weeds in your financial landscape; your long-term objectives are the perennial flowers you're cultivating. Don't let seasonal storms uproot your vision.



2. Water consistently, maintain your schedule

Continue your regular contributions regardless of market conditions. Just as gardens need steady watering through dry spells to flourish, consistent investing through downturns could position you to benefit when growth returns and markets bloom.



3. Care, don't obsess

Check your portfolio periodically, not daily, but especially during important life milestones or transitions. Overwatering your garden—or constantly checking on your investments—can lead to poor decisions rooted in worry rather than strategy. Give your garden the opportunity to flourish.



4. Plant a variety of crops, diversify

A well-balanced portfolio is like a diverse garden—planted with different seeds that thrive in different seasons and conditions. This variety helps you weather market storms. Ensure your asset allocation aligns with your timeline and risk tolerance, just as you'd choose plants suited to your climate.



5. Consult the expert, speak with your advisor

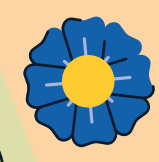
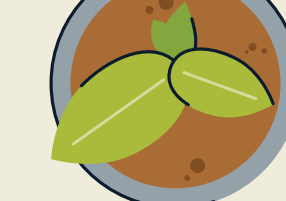
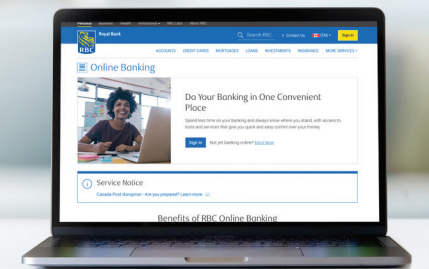
If uncertainty strikes, reach out. A conversation with your advisor is like consulting an experienced gardener—they can help you identify what's thriving, what needs attention, and reinforce the strategy that will help your financial garden flourish.

Learn more about how even small regular contributions to your investments combined with compounding can help accelerate your path to reaching your investment goals. Speak to an RBC advisor today.

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Economy

- The war in Iran and concerns around artificial intelligence (AI) are unlikely to be killer blows: oil prices should drop back in the coming months, and there are positive AI scenarios to weigh against the negative ones.
- Economic outlook remains reasonably constructive given tailwinds including support from last year's interest-rate cuts, fiscal support, and AI-related capital expenditures and productivity gains.
- In turn, our economic-growth forecasts for 2026 are mostly above consensus.
- Progress on inflation should resume and energy-linked inflation should unwind once energy begins flowing normally again from the Middle East.

Fixed income

- Yields climbed toward the upper end of a 3.94% to 4.30% range in early March as investors worried that the war in Iran could accelerate inflation.
- At current levels, yields are above our modelled estimates of equilibrium and indicate only modest valuation risk.
- We forecast low-single digit returns with yields little changed, as the energy-price shock and ballooning government deficits counterbalance our modelled assumptions for declining inflation and lower real (after-inflation) yields.
- The reward for accepting the added risk of corporate bonds vis-à-vis government bonds is historically small but all-in yield remains appealing versus the ultra-low levels immediately post-pandemic.

Equity markets

- Equity-market gains backed by robust economic growth and a surge in AI-related spending have pushed our global composite of stock valuations to its highest level since early 2022.
- Robust earnings growth is expected almost everywhere over the next two years, but indexes outside the U.S. large-cap space may offer access to that earnings growth at a cheaper price.
- Investors have shifted their preference away from U.S. large-cap stocks to other regions, but it remains to be seen whether the leadership in non-U.S. stocks can be sustained.
- AI was the dominant theme as investors piled into companies that have benefited from the immense capital spending and shunned ones deemed vulnerable to AI disruption.

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