

Insights

RBC Retirement Portfolios

Summer 2024



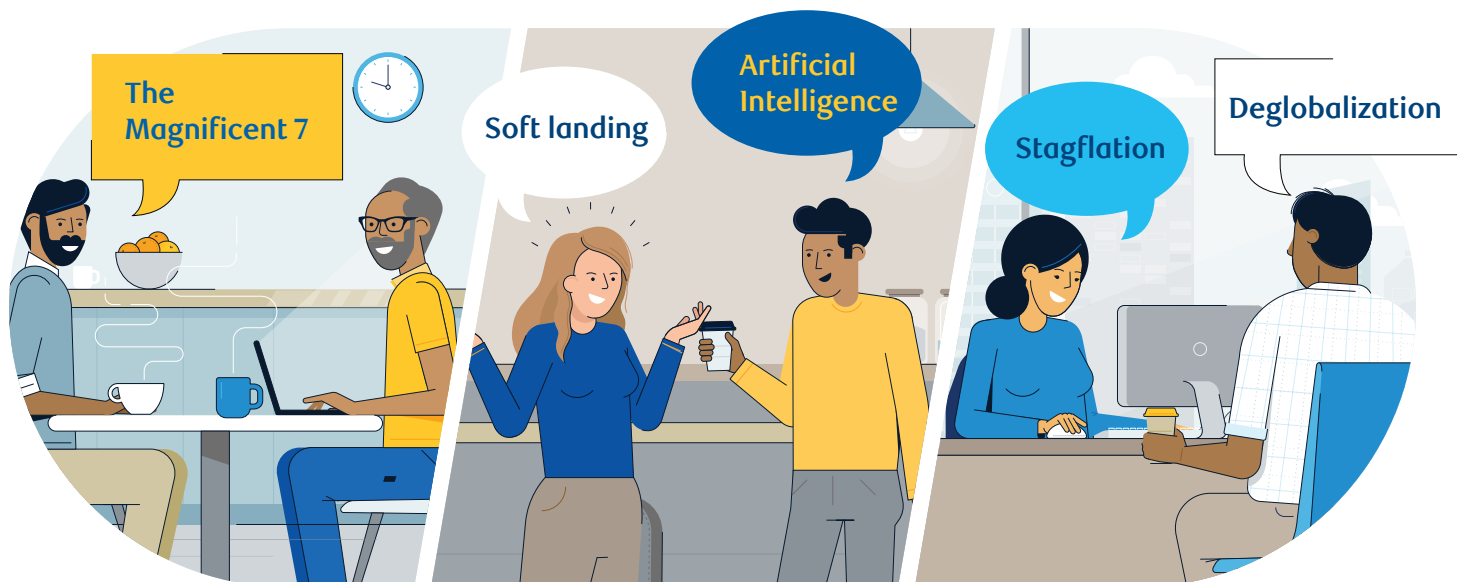
116751 (07/2024)

The language of markets

The language of investing can be hard to understand. Some of the terms can be confusing, but it is important to understand key themes and what they mean for your portfolio. In this quarter's Insights, we explain buzzwords and trends you may have been hearing about lately. We also explain how they affect your portfolio.

Web searches for “artificial intelligence” increased by 575% from 2022 to 2023 globally.¹

How well do you understand the following terms? Learn more on the next page.



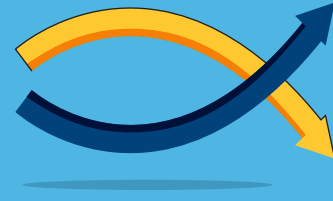
¹Source: Google Trends (2024). For period of January 1, 2022 to December 31, 2023.

What's all the buzz about?

It can be tough to keep up with the latest themes and buzzwords. Here's a quick guide to some terms you may have heard recently.

Stagflation

The combination of high unemployment, slow economic growth, and elevated inflation.



Why the buzz?

Despite recent buzz about stagflation, the word doesn't describe the Canadian and U.S. economies. Growth has slowed but persists, and unemployment is low in both countries. Although inflation is higher than normal, it is moderating on a path back toward 2%.

What does this mean for me?

Your Portfolio Solutions team uses data and insights from our macroeconomic team, investment strategy team, and asset mix committees to inform their decisions. Our investment professionals keep a close eye on various market indicators to forecast future growth and inflation so we have the most current information to manage your portfolios.



Soft landing

A soft landing is an economic slowdown that avoids a recession. A soft landing is preferable to recession because it allows companies to continue to grow, which is positive for financial markets.

Why the buzz?

65% RBC GAM's odds of a soft landing in the U.S. due to strong economic data.

What does this mean for me?

We believe a soft landing is more probable than a recession. However, the risk of recession remains elevated. Your portfolio is diversified to reduce the impact of these risks and adjusts according to the portfolio's retirement timeline. This means your portfolio becomes more conservative as you move to and through retirement.

The Magnificent 7

These 7 technology companies drove the performance of the S&P 500 last year. They include Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia, and Tesla.³ In 2024, Apple and Tesla have slowed, spawning a new term - The Fab Five.



Why the buzz?

30%+ of the S&P 500 market cap is made up of the Magnificent 7 stocks.⁴

What does this mean for me?

We invest in technology stocks as part of our larger strategy. Your portfolio is broadly diversified to ensure it is not concentrated in any individual stock. This ensures you don't have outsized risk in a volatile sector.

³This is not a recommendation to buy or sell any security.
⁴As of May 30, 2024.



Deglobalization

The trend to reduce links among countries through trade and investment. This includes introducing tariffs on foreign goods or relocating overseas business operations back to domestic markets.

Why the buzz?

5x more trade restrictions were imposed in 2023 than in 2015.

2023 saw almost 3,000 trade restrictions added across the world.²

What does this mean for me?

As deglobalization continues, investment returns between domestic and global markets can diverge more significantly. This can increase the benefits of global investing. Your portfolio invests in economies across the globe, giving you important regional diversification.

²Source: World Bank (2024).



Artificial Intelligence

Artificial intelligence (AI) refers to a technology that enables a computer to simulate human-like capabilities such as learning and problem solving. Interest in AI spiked since the launch of ChatGPT in 2022.

Why the buzz?

179 companies in the S&P 500 mentioned the term "AI" in their earnings conference calls from December 15, 2023 to March 14, 2024.⁵

What does this mean for me?

We believe in embracing innovation and harnessing the power of human and machine. That's why we are investing time and resources into artificial intelligence tools and capabilities to improve our processes across the firm.

⁵Source: Factset (2024).

Looking to stay in the loop with the latest investment insights?

Subscribe today to receive the latest market insights from our thought leaders directly in your inbox. Learn more at rbcgam.com/insights.

Economic and market conditions are constantly changing. So too are the investment terms and language we use to describe them. At RBC GAM, we are fluent in the language of investing. We constantly work to translate the meaning of important economic and market events into your investment in RBC Retirement Portfolios, keeping you well positioned in a rapidly changing environment.



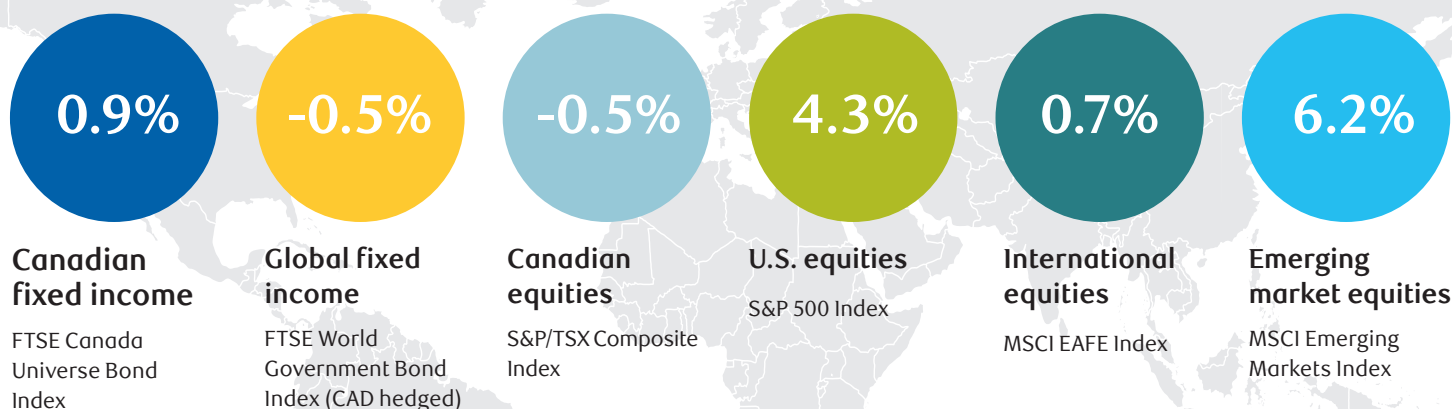
Portfolio manager viewpoint

Sarah Riopelle, CFA, Managing Director & Senior Portfolio Manager, Investment Solutions

Our base case scenario has the economy experiencing a soft landing, inflation falling gradually toward central bankers' 2% targets and central banks delivering modest monetary easing. Against this backdrop, our view is that fixed income markets offer decent return potential with only modest valuation risk over the year ahead.

Prospective returns for fixed income appear solid, in the mid-single digits with further upside potential should the economy falter. A lot of the good news is already priced into the U.S. large-cap equity market and expectations are high. The current combination of strong nominal earnings growth, continued expansion in profit margins and elevated investor confidence is becoming increasingly critical to sustaining the bull market.

Markets this quarter*



For our complete Summer 2024 Global Investment Outlook, please visit rbcgam.com/gio

*Source: Bloomberg. As of June 30, 2024. 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 your advisor.

> Call 1-800-463-3863

> Visit rbcgam.com

[@rbcgamnews](https://twitter.com/rbcgamnews) [RBC Global Asset Management](https://www.linkedin.com/company/rbc-global-asset-management)



All opinions contained in this document constitute our judgment as of June 30, 2024, 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.

This document may contain forward-looking statements about a fund or general economic factors which are not guarantees of future performance. Forward-looking statements involve inherent risk and uncertainties, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement. All opinions in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.