RBC Global Asset Management

# Insights

## RBC Retirement Portfolios

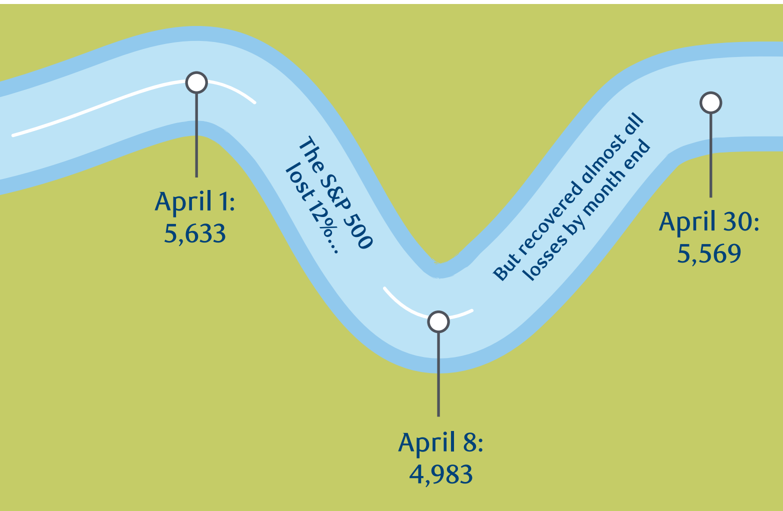
Summer 2025

116751 (07/2025)

## Supporting you through fast-moving markets

Market ups and downs are a natural part of investing. These swings can test even the most seasoned investor's resolve. But staying disciplined and invested through turbulent times is key to investment success, and RBC Retirement Portfolios are designed to help buoy you through any unsteadiness.

In this edition of **Insights**, we look at common concerns you may have through the ups and downs of investing and how we manage your RBC Retirement Portfolio to help alleviate these concerns. By focusing on time-tested strategies like diversification, we help keep your RBC Retirement Portfolio aligned with your long-term objectives—no matter what happens in the markets.




Source: Morningstar Direct. S&P 500 Index price levels in $US.

### Why a long-term focus matters

**U.S. stocks moved quickly in April**

Equity markets in April 2025 illustrated why a disciplined approach to investing is so important.

April was the 7th most volatile month for U.S. equities in the last 75 years.[1] The month began with a 12% drop. If an investor sold at the bottom of this dip, they would have locked in this loss. But had they remained invested, they would have recovered almost all the losses by the end of the month.

Source: RBC Global Asset Management, Bloomberg. [1]U.S. equities represented by S&P 500 Index. From January 1, 1950 to May 31, 2025. Volatility represented by annualized standard deviation of returns.

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# Keeping calm, cool, & invested

Keeping calm through volatile markets can be challenging. Here are some common questions investors have as markets change - and how RBC Retirement Portfolios can help provide a smoother investing experience.

STRONG CURRENTS

## Many economic headlines seem negative. Should I be worried?

Headlines tend to focus on the sensational, short-term and negative – none of which should be major deciding factors for a long-term investor. When managing RBC Retirement Portfolios, we monitor 60+ macroeconomic factors to understand what forces are driving the headlines. We also leverage the expertise of 350+ investment professionals in key markets around the globe. This disciplined and data-driven process ensures we have the best information available, avoiding knee-jerk reactions to headlines.

## If markets keep falling, should I exit the markets and wait out the volatility?

It's time in the market that matters, not timing the market. Timing the market is extremely difficult. Not only would you have to time your exit, but you would also have to perfectly time your re-entry. Miscalculating this could be costly. Sitting on the sidelines may mean missing out on sizeable returns which often closely follow market lows.

Our investment process combines strategic and tactical asset allocation. This means we manage your RBC Retirement Portfolio to current conditions while simultaneously staying focused on the long-term. As a result, your RBC Retirement Portfolio remains well-positioned today while keeping you on track with your long-term investing goals.

**Did you know?**

**70%** of the best and worst daily returns so far in 2025 happened within 16 trading days of each other.

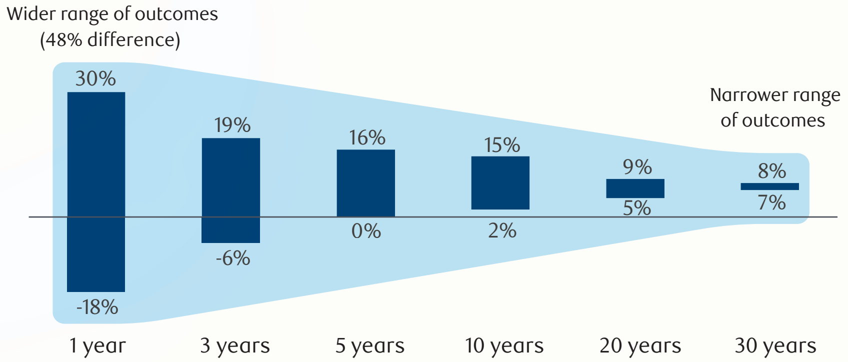
As of May 31, 2025. Source: Morningstar Direct. 5 best and 5 worst days for the S&P 500 TR Total Return Index in $C.

## How long do downturns last?

Market downturns can vary widely in length, and no one knows how long each will last. But history shows that the range of returns tends to shrink the longer you're invested.

The historical odds of earning a positive return increase over time. Changing your investments in response to market swings can be harmful. You could lock in losses and miss the market's recovery.

**The volatility of a diversified balanced portfolio decreases over time**

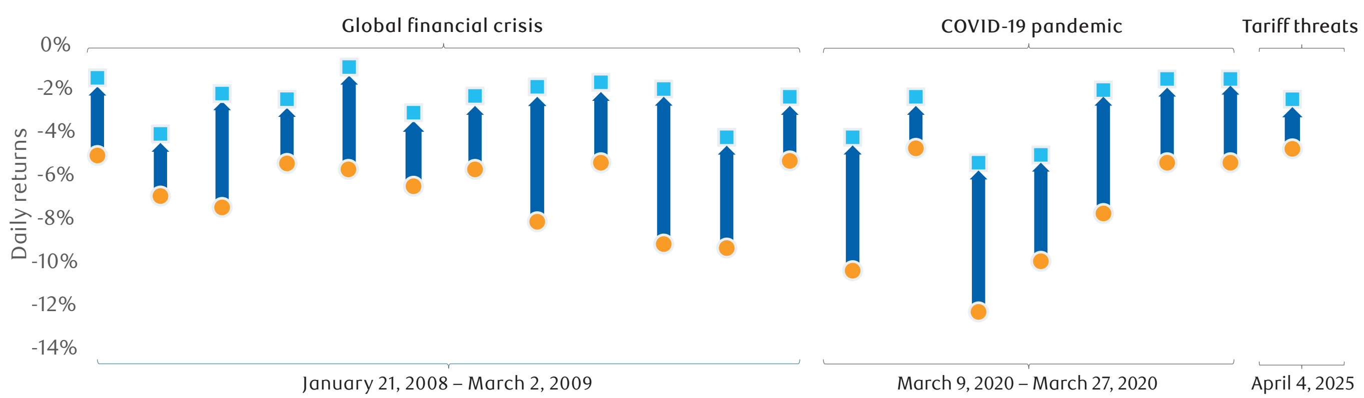



Source: Morningstar Direct. Rolling 1-, 3-, 5-, 10-, 20- and 30-year average annual returns of a diversified portfolio from January 1, 1988 to May 31, 2025. All returns are total returns in Canadian dollars. Diversified Balanced Portfolio represented by 2% Cash, 38% Fixed Income, 15% Canadian Equities, 25% U.S. Equities, 15% International Equities and 5% Emerging Markets Equities. Cash: FTSE Canada 30 Day TBill Index; Fixed Income: FTSE Canada Universe Bond Index; Canadian Equities: S&P/TSX Composite Index; U.S. Equities: S&P 500 Index; International Equities: MSCI EAFE Index; Emerging Markets: MSCI Emerging Markets Index. You cannot invest directly in an index.

## Consistent support when you need it the most

**A diversified balanced portfolio can provide a cushion when markets are down**

- Worst 20 daily returns in the market over the last 20 years
- Difference in daily returns
- Diversified Balanced Portfolio performance




Source: Morningstar Direct. Chart displays daily returns of a Diversified Balanced Portfolio and S&P/TSX Composite Index on the 20 worst-performing days for the S&P/TSX Composite Index for the period of June 1, 2005 to May 31, 2025. For details on the Diversified Balanced Portfolio, see the footnote for the chart on the next page.

Having a diversified portfolio can be your most important investment strategy. It can help protect your savings through volatile markets.

We know it can be difficult to tune out short-term market noise. Investing in resilient solutions that provide downside protection can help.

Over the last 20 years, a diversified balanced portfolio has consistently provided ballast through the turbulence, even on the most challenging days in the market. This can help you focus on long-term returns and stick to your investment plan.

**No one knows exactly what's next for markets. That's why your RBC Retirement Portfolio is well-diversified and follows a disciplined investment process. This helps keep you on track toward your goals as the market environment continuously changes.**

### Speak with your advisor for more on how RBC Retirement Portfolios can help keep you cool through volatility.

# Portfolio manager viewpoint

**Sarah Riopelle, CFA, Managing Director, Senior Portfolio Manager & Head of Portfolio Solutions and Platform Talent**

Tariffs will exert a substantial drag on economic growth over the second half of 2025, but probably not to the extent of causing a global recession. Considering the short-term risks and the long-term opportunities, we are maintaining an asset allocation that is relatively close to neutral given heightened uncertainty in the macroeconomic backdrop and our view that the risk premium between stocks and bonds is relatively small. We look for mid-single digit returns from sovereign bonds over the year ahead, with only modest valuation risk. Stocks offer slightly better return potential, particularly outside of U.S. large caps. We added one percentage point to our equity allocation as stocks reached extremely oversold conditions typically associated with good long-term buying opportunities.

## Markets this quarter*

**-0.6%**
**Canadian fixed income**
FTSE Canada Universe Bond Index

**0.9%**
**Global fixed income**
FTSE World Government Bond Index (CAD hedged)

**8.5%**
**Canadian equities**
S&P/TSX Composite Index

**10.9%**
**U.S. equities**
S&P 500 Index

**6.0%**
**International equities**
MSCI EAFE Index

**6.2%**
**Emerging market equities**
MSCI Emerging Markets Index

**For our complete Summer 2025 Retirement Investment Outlook, please visit rbcgam.com/gio**

*Source: Bloomberg. As of June 30, 2025. 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.**

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