GLOBAL Insight

RBC Wealth Management

Perspectives from the Global Portfolio Advisory Committee September 2023

The income is back in fixed income

With bond yields near or above the return targets in many financial plans, we think fixed income should play a bigger role in portfolios.

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Insight

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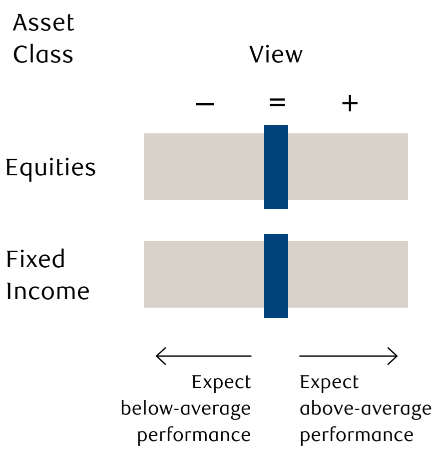

(+/=/–) represents the Global Portfolio Advisory Committee's (GPAC) view over a 12-month investment time horizon.

+ Overweight implies the potential for better-than-average performance for the asset class or for the region relative to other asset classes or regions.

= Market Weight implies the potential for average performance for the asset class or for the region relative to other asset classes or regions.

– Underweight implies the potential for below-average performance for the asset class or for the region relative to other asset classes or regions.

Source - RBC Wealth Management

Equities

- Equity markets succumbed to profit-taking in August on signs of a weakening global economic environment. U.S. consumer sentiment showed some signs of fading, economic activity indicators weakened in the eurozone and the UK, and concerns grew that China's severe slowdown might reverberate through other economies.
- In our view, this modest correction could have further to run into the often seasonally weak months of September and October. Even so, we continue to recommend a Market Weight position in global equities because we expect markets to pull higher thereafter, as investors start to discount interest rate cuts arriving sooner than current consensus expectations.
- We expect the environment for equities to be more challenging into the new year, however, and would ensure stocks held are those of companies which are not overly reliant on the economic cycle.

Fixed income

- Global yields hit fresh highs in August with the average yield on the Bloomberg Global Aggregate Bond Index peaking at 4.1%, the highest level since 2008. This comes at a time when most major central banks are likely at, or near, the end of their respective rate hike cycles as policymakers attempt to balance the economic risks of doing too much against the inflationary risks of doing too little. We think the policy prescription will be to keep rates steady, but elevated, while convincing markets that rate cuts are nowhere on the horizon. As a result, the window to put money to work at attractive levels may be open for longer.
- We remain Market Weight U.S. fixed income with yields again nearing multiyear highs and hold a positive outlook for large-cap U.S. bank-issued preferred shares following recent selling pressures. While economic risks have subsided in the U.S., global recession risks remain elevated. Therefore, we broadly remain Underweight corporate credit with a slight bias toward government bonds.

MONTHLY
Focus

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The income is back in fixed income

Sharply rising interest rates in recent years have boosted bond yields, shifting the investment calculus for portfolios that combine equity and fixed income holdings. With yields approaching or exceeding the return targets in many financial plans, we think fixed income should play a bigger role in balanced portfolios.

Key points:

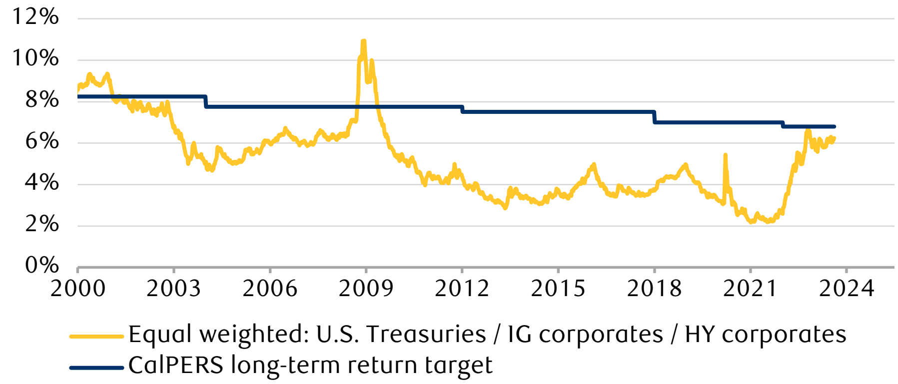
- **A sizable shift in relative value has increased the appeal of adding fixed income's predictable return stream to investment portfolios.**
- **Our scenario analysis indicates the forward return picture has become more favourable for bonds, and less favourable for equities, going forward.**
- **The role of equities as providers of a long-term growth in portfolios remains undiminished, but the rationale for keeping portfolio allocations to fixed income below the long-term targeted exposure that has prevailed for more than a decade is no longer persuasive.**

Returns from the fixed income component of balanced portfolios (which include allocations to both stocks and bonds) have been unusually low over the past decade as central banks used multiple policy tools to repeatedly suppress bond yields. Market conditions have changed. Bond yields have more than doubled over the past three years, making the risk-reward tradeoff between fixed income returns and equity returns much less one-sided. Thus, we think the rationale for keeping portfolio commitments to fixed income below the long-term targeted exposure—an investment stance that has prevailed for more than a decade—is no longer persuasive.

We believe fixed income should take on a more prominent role in a balanced portfolio going forward because the yields available today approach, and in some cases exceed, the return targets in many financial plans. The return on a basket of bonds equally weighted between governments, investment-grade corporates, and high-yield bonds has risen above six percent for the first time in more than a decade, as the upper chart on the following page illustrates; this approaches the return targets of many balanced portfolios. For context, the chart compares the bond return to the long-term return target of the California Public Employees Retirement System (CalPERS), the largest U.S. pension fund. Moreover, the return from this all-fixed-income mix currently trails the 7.6 percent annualized return from a hypothetical balanced portfolio (55 percent stocks, 43 percent bonds, and two percent cash) since 1990 by the slimmest margin in nearly 20 years.

THE INCOME IS BACK IN FIXED INCOME

Fixed income yields now approach the return targets of many financial plans



Fixed income returns are represented by an equally weighted combination of the Bloomberg US Treasury Bond Index, Bloomberg US Aggregate Corporate Bond Index, and Bloomberg US Corporate High Yield Bond Index; calculations are based on yield to worst. CalPERS target is based on the reported discount rate.

Source - RBC Wealth Management, Bloomberg; data through 8/18/23

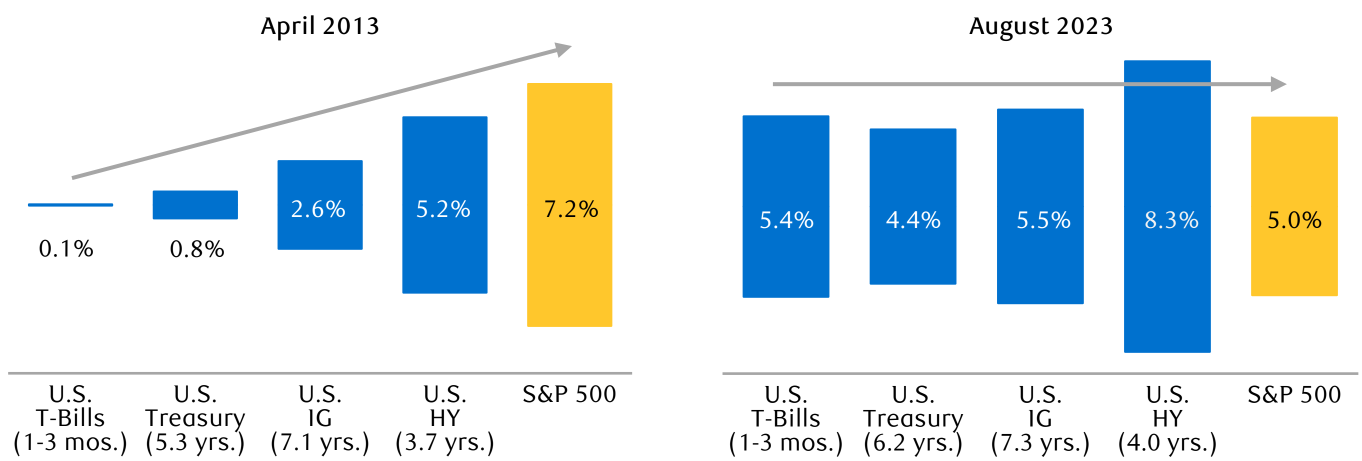
Relative value: how things have changed

There was a sizable shift toward equities in the era when bond yields spent years significantly below the targeted returns of most investors. During this period, bond investors found themselves forced to lock in low returns for extended periods. This pushed many investors to boost their allocations to equities, which in the years following the financial crisis often provided going-in dividend yields that were higher than 10-year bond yields, along with the prospect for future dividend increases and capital growth. Some investors actively reallocated proceeds from maturing bonds into equities, while others allowed equity exposure to drift higher by opting not to periodically rebalance the gains delivered by strong stock markets back into bonds.

A decade ago in 2013, investors could expect a higher return for each outward push on the risk curve, as the charts below illustrate.

A sizeable shift in relative value

Equity earnings yield vs. bond yield to maturity (duration)



Fixed income yields are represented by the Bloomberg US 1–3 Month Treasury Bill Index (U.S. T-bills), Bloomberg US Treasury Bond Index (U.S. Treasury), Bloomberg US Aggregate Corporate Bond Index (U.S. IG), and Bloomberg US Corporate High Yield Bond Index (U.S. HY); calculations are based on yield to worst. S&P 500 earnings are based on 12-month forward estimates.

Source - RBC Wealth Management, Bloomberg; data through 8/18/23

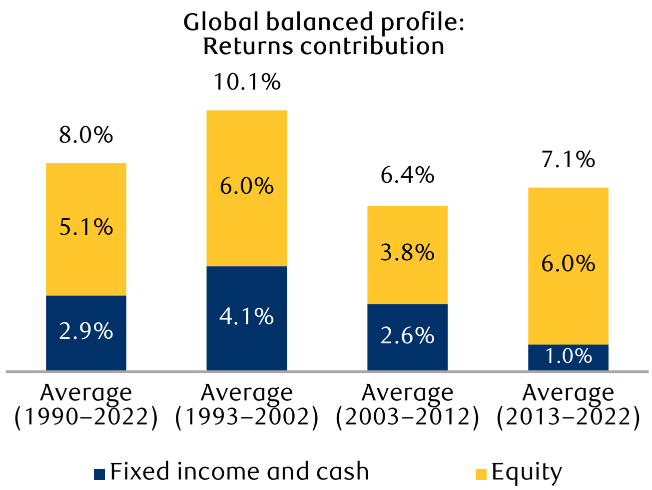
THE INCOME IS BACK IN FIXED INCOME

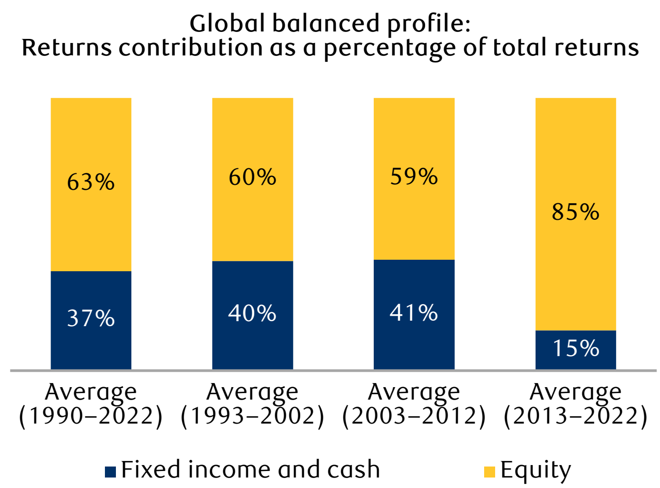
A move from short-term government T-bills to longer-term government bonds entailed a substantial pick-up in yield, as did a move from government bonds to investment-grade corporate bonds. Additional expected return was also available for investors willing to push farther out on this continuum, to areas such as high-yield bonds or, ultimately, equities. This setup has flattened out greatly in 2023, and risk premiums have compressed.

Investors were rewarded for acting on the relative value setup in 2013, as equities contributed the lion's share of returns to balanced portfolios over the decade that followed. A 43 percent allocation to fixed income (RBC Wealth Management Canada's Strategic Asset Allocation target weight) only contributed about 15 percent of the total returns earned from 2013 to 2022, well below the roughly 40 percent average contribution that fixed income had delivered in prior decades, as the charts below show.

Fixed income's decade-long slump

Historical average yields and proportion of portfolio returns by asset class





RBC Wealth Management Canada's Global Balanced Profile asset mix consists of 20% S&P/TSX Composite, 20% S&P 500 Index, 10% MSCI EAFE Index, 5% MSCI Emerging Markets Index, 4.5% FTSE Canada Short Government Bond Index, 4.5% FTSE Canada Mid Government Bond Index, 6.5% FTSE Canada Short Corporate Bond Index, 6.5% FTSE Canada Mid Corporate Bond Index, 10% Bloomberg Global Aggregate Bond Index CAD Hedged, 3% S&P/TSX Preferred Share Index, 4% Bloomberg U.S. Aggregate Credit Corporate High Yield Index CAD Hedged, 4% J.P. Morgan EMBI Global Core Index CAD Hedged, and 2% FTSE 30-Day T-Bill Index.

Source - RBC Wealth Management, Bloomberg; data through 8/24/23

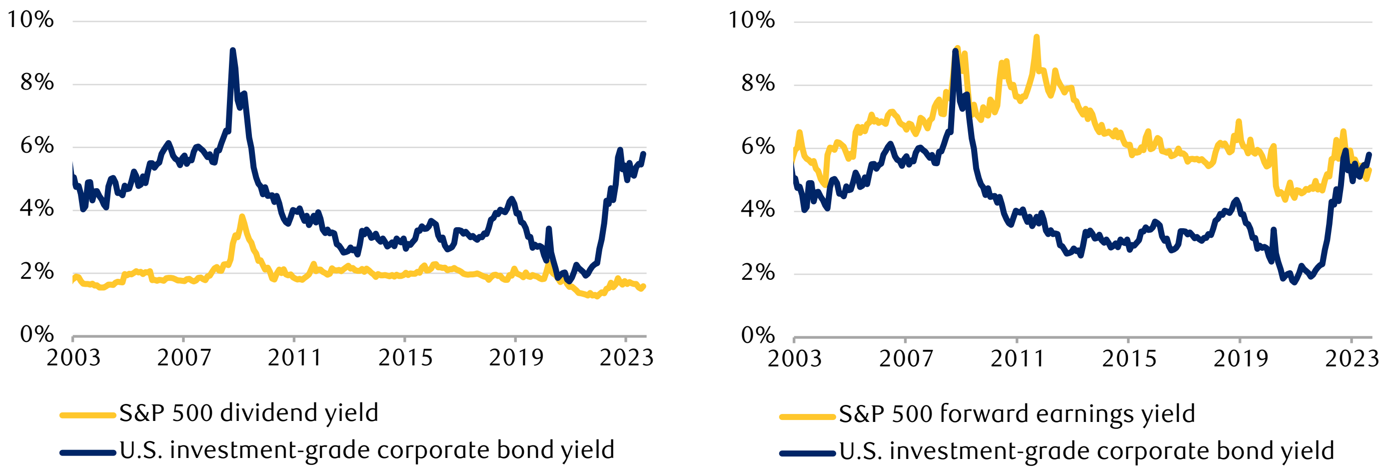
With the significant increase in bond yields over the past three years, the incremental reward for shifting allocations toward riskier assets has greatly diminished. Whereas a sizable shift out along the risk curve into equities was required in order to have a chance of achieving required portfolio returns back in 2013, the picture looks radically different today. Higher interest rates have restored the income advantage, especially for corporate bonds versus equities. As the left chart on the next page illustrates, U.S. investment-grade bonds currently have a yield advantage of approximately 400 basis points (bps) over the S&P 500 dividend yield. The gap is narrower when bond yields are compared to a higher-dividend equity index, but the relative trend is consistent with what the chart depicts.

THE INCOME IS BACK IN FIXED INCOME

Simply looking at the dividend yield on the equity market only accounts for a portion of the return for equity investors because shareholders have a claim on the entire earnings stream, not just what is paid out in dividends. A better comparison looks at the earnings yield of stocks versus bond yields, as shown in the chart below right. (Earnings yield is calculated by dividing the earnings per share of a stock or index by the market price. This is the inverse of the price-to-earnings multiple; a stock trading at 20x earnings has an earnings yield of five percent.) The yield on the broad Bloomberg U.S. Investment Grade Bond Index is currently 50 bps greater than the earnings yield on the S&P 500 Index. This stands in stark contrast to the recent history of this relationship: from 2010 to 2020, the earnings yield of equities exceeded that of corporate bonds by roughly 300 bps, with the spread sometimes widening beyond 400 bps in 2012 and 2013.

Bonds are back

Yield comparison of equities vs. investment-grade corporate bonds



Investment-grade bond yield is represented by the Bloomberg US Aggregate Corporate Bond Index yield to worst. S&P 500 dividend yield is based on trailing 12-month dividends paid; earnings yield is based on 12-month forward estimate.

Source - RBC Wealth Management, Bloomberg; data through 8/18/23

Good omens for bonds

Historically, periods between the final interest rate increase in a U.S. rate hiking cycle and the Federal Reserve's first rate cut have seen bonds perform well relative to equities. While forecasting future central bank actions is always difficult, we think it is likely that we are nearing this point, given the magnitude of rate hikes that have already occurred and the fact that several leading economic indicators suggest the economic cycle is approaching its later stages.

What's more, given the shift in valuations over the past decade, our scenario analysis on forward returns has become more favourable for bonds and less favourable for equities. Yield-at-time-of-purchase has been highly correlated with the long-term returns generated by bonds over a century that featured constantly changing economic, monetary, inflation, and geopolitical conditions. Thus, in our view, history strongly suggests the higher starting yields on bonds today—more than double those available just three years ago—translate into a much improved return outlook for fixed income over the coming decade at least. By comparison, the higher starting multiple on stocks (or the lower earnings yield, as this is the inverse of the multiple) suggests a somewhat less favourable setup for equities going forward, absent robust growth in corporate earnings.

A new rationale for fixed income

This article presents a broad view of the entire fixed income asset class. It should not be construed as a call to extend duration within fixed income portfolios, or to add credit risk; rather, it is an observation that the recent large increase in base rates affords investors an opportunity to take advantage of significantly higher available yields across the fixed income market. The role of equities in portfolios as providers of a long-term, growing income stream and a commensurate increase in capital values remains undiminished. But in our view, the rationale for keeping portfolio allocations to fixed income below the long-term targeted exposure that has prevailed for more than a decade is no longer persuasive.

GLOBAL

Equity

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The waiting game

Most major global equity markets, which had advanced non-stop since March, took a breather in August. That modest correction could have further to run into the often seasonally weak September/October, by which time we expect the averages to reverse course, opening the way to a renewed move to higher ground.

The S&P 500 Index and Canada's S&P/TSX Composite Index are the only broad-based, blue-chip indexes in the developed economies that have not yet moved above their late 2021 high-water marks. We expect them to do so before this long pull higher, which began last September, has run its course.

A possible catalyst for any coming renewed up-leg might turn out to be mounting investor conviction that the U.S. Federal Reserve will begin cutting rates sooner than expected. Rate cutting, in turn, would most likely be a response to the arrival of weaker-than-expected economic data, especially on the employment front. A rising stock market fueled by a deteriorating economic outlook is not a sustainable set of circumstances, in our view, especially when the market is already trading at a comparatively rich valuation—currently 20.5x the 2023 consensus earnings estimate for the S&P 500 and 18.4x next year's forecast. (Note that RBC Capital Markets' 2024 S&P 500 earnings estimate of $229 is well below the consensus Street estimate of $248. Using this estimate, the forward-year price-to-earnings ratio is a richer 19.6x.)

Year to date, the S&P 500 is up an unusually brisk 17%. If it were to set new highs between now and year-end, the full-year gain could come in closer to 25%. That would be awfully strong when one considers that the consensus view has estimated index earnings per share to be about flat with those reported last year.

Equity views

Region	Current
Global	=
United States	=
Canada	=
Continental Europe	–
United Kingdom	–
Asia (ex Japan)	=
Japan	+

+ Overweight; = Market Weight; – Underweight
Source - RBC Wealth Management

(Since the global financial crisis ended, the average annual S&P 500 price appreciation has been about 10%, somewhat faster than the 7.3% average gain since the end of WWII.)

While we think new highs for the index in the next few months are a distinct possibility, 2024 will likely be a less upwardly dynamic year than 2023—particularly if a deeper slowdown or recession were to arrive over that interval, as we expect.

Investor expectations for a "soft landing" versus a "hard landing" for the U.S. economy have swung from favoring one over the other almost monthly so far this year. The jury is still out (see our U.S. Recession Scorecard). But we see mounting headwinds for both the consumer and for capital spending by businesses. Our expectation is for a U.S. recession to arrive in the coming months.

First among these economic headwinds is the continuing tightening of credit conditions. The Fed itself may not be finished with rate hikes. Meanwhile, a majority of banks have been raising their lending standards for more than a year, and a significant fraction in the Fed's July Senior Loan Officer Survey expected to further tighten standards in the second half of this year.

GLOBAL EQUITY

Excess savings built up in the pandemic are gone or all but gone. The personal savings rate is not far above an all-time low. Credit card debt and delinquencies are rising sharply. Student loan repayments for almost 44 million Americans are scheduled to restart in October. Mortgage refinancing and auto loans are much more expensive and harder to get.

While retail trade has remained brisk, it has shifted from full-price retailers, several of which have reported outright sales declines, to price discounters, suggesting that, on balance, consumers are feeling less confident about the state of their finances. Job openings, while still elevated, have been falling steeply for several quarters. An autoworkers strike threatens to begin in mid-September.

None of the above are insurmountable, in our opinion, but neither do they appear to have run their course. Dynamic new economic expansions usually begin when pent-up consumer demand and cheap credit combine to put unemployed assets (workers and facilities) back to work, kicking off a virtuous cycle of rising production engendering even greater demand. Today in the U.S., there is very little pent-up demand and very few unemployed workers or idle factories, while credit is expensive and restrictive.

That leaves businesses contending with little-to-no revenue growth squeezed by still rising costs, while investors have to reconcile prospects for weak profit growth with fairly full stock valuations.

We believe there is enough fuel in the tank to push stocks up to new highs—where most averages were almost two years ago. We continue to recommend Market Weight equity exposure for global balanced portfolios to take advantage of that expected upswing. However, we believe investors should limit individual stock selections to companies they would be content to own through a recession, which, in our view, is the most probable economic outcome in the coming quarters. For us, that means high-quality businesses with resilient balance sheets, sustainable dividends, and business models that are not intensely sensitive to the economic cycle.

GLOBAL
Fixed income

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Debating a knockout blow

In most regions, central banks have inflation on the ropes. It's dizzy, it's wobbling, and it's beginning to stumble. Should central banks deliver one final knockout blow to claim victory without a shadow of a doubt, or should they walk away, allowing inflation to fall gracefully without risking further, and perhaps unnecessary, damage?

In the U.S., at August's Jackson Hole Economic Symposium, Fed Chair Jerome Powell highlighted the challenge the Fed faces regarding balancing the risks of doing too little, which could cause inflation to become entrenched, versus doing too much, which could inflict unnecessary damage on the labor market and the economy. In our view, given still-favorable incoming economic data, we think it will err on the side of not doing too much—holding rates steady at upcoming meetings with the option to resume rate hikes should there be signs of a durable reacceleration of key inflation data. Instead of raising rates further, policymakers will likely focus on a "higher for longer" message, pledging that rate cuts are nowhere on the horizon, in our opinion.

Fixed income views

Region	Gov't bonds	Corp. credit	Duration
Global	+	–	5–7 yr
United States	+	–	3–10 yr
Canada	=	+	3–7 yr
Continental Europe	=	–	5–10 yr
United Kingdom	=	–	5–10 yr

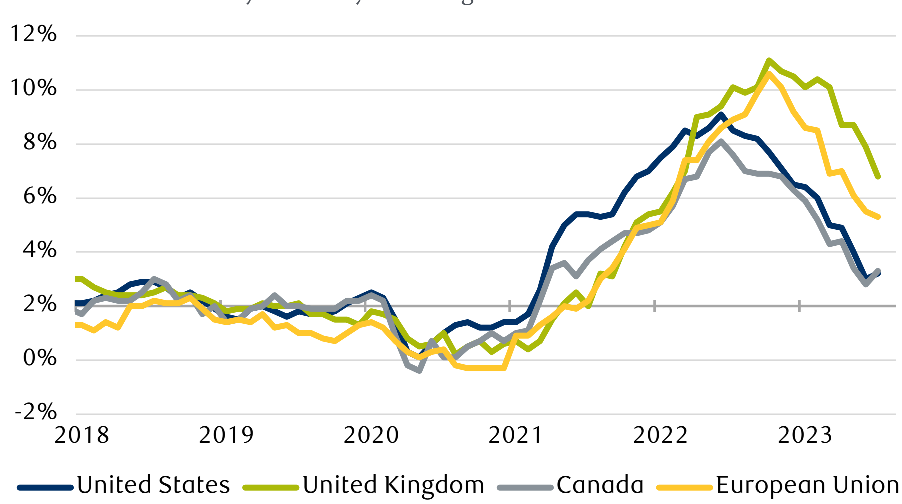
+ Overweight; = Market Weight; – Underweight
Source - RBC Wealth Management

Regarding Treasury yields, the benchmark 10-year yield briefly traded to some of the highest levels seen since 2007, peaking at 4.36% before closing last month at 4.10%. On a combination of a Fed erring on the side of not doing too much to risk economic damage, paired with a resilient economy, we see the 10-year yield trading in a range above 4%, but below 4.50%, for the balance of the year.

The story is broadly the same on a global basis. We still expect the European Central Bank, Bank of

CPI inflation clearly falling, but will it continue?

Consumer Price Index year-over-year change



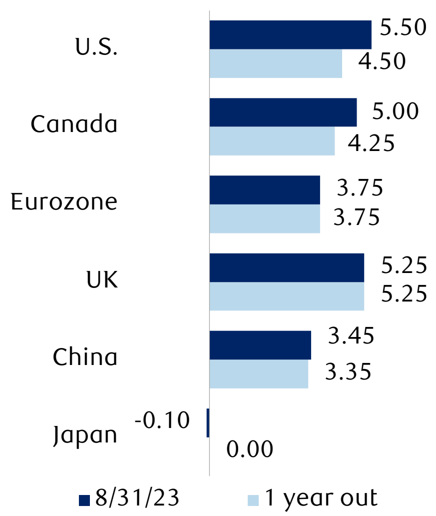
Source - RBC Wealth Management, Bloomberg; monthly data through 7/31/23

GLOBAL FIXED INCOME

Canada, and Fed to remain on hold—with market pricing suggesting the chances of one last rate hike from any or all is basically a coin flip at this stage, to be dictated by the data. The Bank of England is likely to deliver at least one more rate hike.

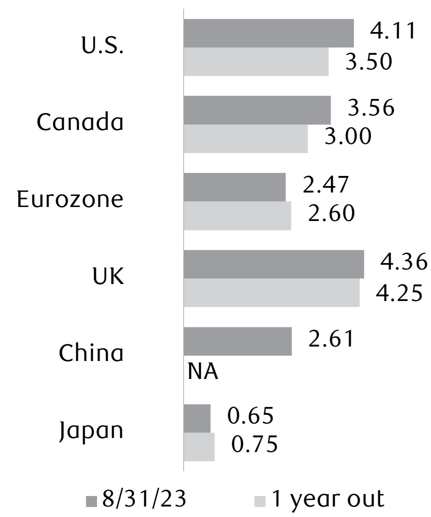
Benchmark 10-year sovereign yields, like in the U.S., remain on a higher trajectory, but we expect yields to plateau soon as central bank rate hike cycles come to an end. But until the prospect of rate cuts come into view, which we don't expect until late next year, yields might not see much downside potential either.

Central bank rates (%)



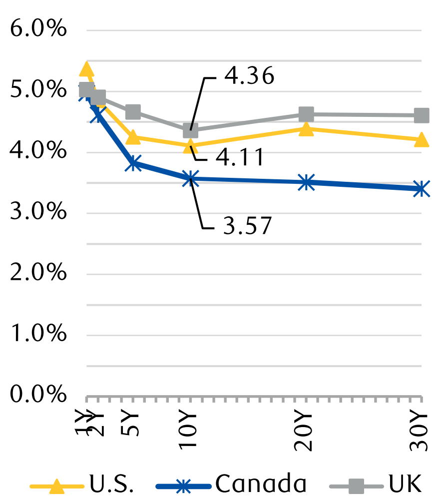
Source - RBC Investment Strategy Committee, RBC Capital Markets forecasts, Global Portfolio Advisory Committee, RBC Global Asset Management

10-year rates (%)



Note: Eurozone utilizes German Bunds.
Source - RBC Investment Strategy Committee, Global Portfolio Advisory Committee, RBC Global Asset Management

Sovereign yield curves



Source - Bloomberg; data through 8/31/23

U.S. RECESSION

Scorecard

Status quo…almost

After a summer with no Recession Scorecard changes, ISM New Orders minus Inventories is being shifted to Neutral (yellow) from Recessionary (red).

Two of the other six indicators—and the two most reliable—remain decisively in the negative red column, meaning each has passed a threshold value beyond which, historically, a recession typically has arrived within a measurable time horizon. Two others were moved into the cautionary yellow column in the spring because they were close to giving an outright negative signal and seemed likely to do so within a few months. The remaining two indicators, still green, continue to suggest there is some way further to go in the economic expansion.

The average time gap from giving a negative signal to the onset of recession for the two indicators that are rated as outright negative so far point toward a recession getting underway as early as this summer, in our view. However, both have histories with instances of much longer signal-to-recession intervals. **Note that the official start date of any recession may not be announced until many months or quarters after the fact**.

Yield curve (10-year to 1-year Treasuries)

The 1-year Treasury yield rose above the 10-year yield decisively in July 2022, and the negative gap widened further over most of the past year. **The average historical experience of this indicator after crossing into negative territory suggested the U.S. economy would have been in recession by this summer.**

Yield curve inversion is an unequivocal indication that credit conditions are tightening, a fact underscored by the message delivered consistently for five consecutive quarters by the Fed's Senior Loan Officer Survey (most recent issue released on July 31). A majority of U.S. banks continue to raise lending standards on almost every category of business and consumer loans including commercial and industrial loans for businesses of all sizes, credit card loans, consumer installment loans, mortgage loans, and commercial real estate loans.

The same survey also revealed that most banks are reporting reduced demand for commercial and industrial loans, as well as indicating a reduced willingness to make such loans. Most are also requiring

U.S. recession scorecard

	Status		
Indicator	Expansionary	Neutral	Recessionary
Yield curve (10-year to 1-year Treasuries)			✓
Unemployment claims		✓	
Unemployment rate	✓		
Conference Board Leading Economic Index			✓
Free cash flow of non-financial corporate business	✓		
ISM New Orders minus Inventories		✓	
Fed funds rate vs. nominal GDP growth		✓	

Source - RBC Wealth Management

U.S. RECESSION SCORECARD

higher credit scores for consumer loans and larger down payments for car loans as well as increasing the premium charged for loans to riskier businesses. Also, in the most recent survey a substantial majority indicated that conditions would remain tight or even be tightened further through the second half.

The negative spread between the 1-year yield and the 10-year yield reached its widest point this cycle so far in June at 158 basis points (bps). It has since narrowed noticeably to 120 bps opening the possibility the period of "de-inversion" may have begun. The return trip to "normal" from "inverted" usually gets underway just as the recession is starting or a few months before. There is also a reasonable correlation between how long the total period of inversion runs and how long the ensuing recession lasts. This latest inversion is at 13 months and counting.

ISM New Orders minus Inventories

The difference between the New Orders and Inventories sub-indexes of the ISM Purchasing Managers' Index has turned negative near the start of most U.S. recessions. But it has also registered occasional false positives—signaling a recession was imminent when none subsequently arrived. Moreover, this indicator only relates to activity in the manufacturing sector (some 15% of the U.S. economy) and is derived from a survey rather than hard data. For those reasons, we look at it as a corroborative indicator rather than a decisive one taken on its own.

After setting its most recent low in September 2022, this series has steadily moved higher and August 2023 data (we use a three-month moving average) has moved back above zero. As a result, we are shifting this indicator back to yellow from red. However, we note that the New Orders sub-index itself remains in contractionary territory and weakened somewhat last month. If the ISM new orders component by itself were to move up into an expansionary reading in coming months we would upgrade this indicator back to expansionary (green). That being said, **this measure has never before reached its most recent low set in deeply negative territory without a recession eventually following.**

Conference Board Leading Economic Index

Historically, this series has given reliable early warnings of recession. When the index has fallen below where it was a year earlier, a recession has always followed—usually two to three quarters later.

This indicator turned decisively negative in Q3 2022, shifting it to the red column on our Scorecard. As of July 2023, the index has fallen for 16 consecutive months moving ever more deeply into negative territory. Its past record strongly suggests a U.S. recession will be underway sometime in H2 2023.

Unemployment claims

The monthly low for this cycle occurred in September 2022. The cycle low for claims has typically been registered about 12 months before the start of the next recession. So, **if no lower reading is posted in the coming months, its history would suggest a recession could get underway as early as this fall.**

Claims surged higher in June but settled back in July. The smoothed trend appears to be trying to turn higher, but has not yet reversed to up from down convincingly. The fact that both temporary employment and job openings are falling on a year-over-year basis adds to the likelihood the tide may be turning for unemployment claims. While we wait for that shift to be confirmed or for claims to subside once again, this ambiguity warranted shifting the indicator's status to yellow in April.

U.S. RECESSION SCORECARD

Unemployment rate

The unemployment rate jumped to 3.8% in August, its highest posting since February 2022. Monthly net job additions have been trending steadily lower since setting a cycle high that same month. Any move above 4.0% in the unemployment rate in the next few months would turn the smoothed trend of this indicator higher and, in our view, signal a recession is on the way. Once that signal is given, on average, it has been eight to nine months from the lowest monthly posting (which was 3.4% in April) until a recession gets underway—although there have been several instances when the time gap was only two to three months.

Free cash flow of non-financial businesses

This gives an indication of the ability of such businesses, in aggregate, to internally fund any capital spending they want or need to do. Historically, whenever it has posted a year-over-year negative reading, a decline in corporate capital spending has typically followed, either indicating a recession is coming or deepening one that is already underway. This number declined in both Q4 2022 and Q1 of this year but remained well above a negative crossing point. We expect a further deterioration occurred in the Q2 data which will be released this month.

Fed funds rate vs. nominal GDP growth

The fed funds rate has risen above the six-month annualized run rate of nominal GDP either before or at the start of every recession in the past 70 years. (Nominal GDP is GDP not adjusted for inflation.) That GDP run rate has been declining since its pandemic reopening high of 23% recorded in Q4 2020. By the end of last year, it had slowed to 7.2% but was still well above the fed funds rate, which at the time had risen to 4%. Now the fed funds rate is up to 5.50%, and Q2 GDP data shows the six-month run rate of nominal GDP growth slowed to just 5.1%, barely meeting that historical precondition of recession. We expect nominal GDP growth will slow some more in Q3, which will widen the gap further.

Looking ahead

Weighing up the current positioning of all seven indicators and projecting their likely paths over the next couple of quarters, points to a growing probability the U.S. will enter a recession later this year, in our view.

Research resources

This document is produced by the Global Portfolio Advisory Committee within RBC Wealth Management's Portfolio Advisory Group. The RBC Wealth Management Portfolio Advisory Group provides support related to asset allocation and portfolio construction for the firm's investment advisors / financial advisors who are engaged in assembling portfolios incorporating individual marketable securities.

The Global Portfolio Advisory Committee leverages the broad market outlook as developed by the RBC Investment Strategy Committee (RISC), providing additional tactical and thematic support utilizing research from the RISC, RBC Capital Markets, and third-party resources.

The RISC consists of senior investment professionals drawn from individual, client-focused business units within RBC, including the Portfolio Advisory Group. The RISC builds a broad global investment outlook and develops specific guidelines that can be used to manage portfolios. The RISC is chaired by Daniel Chornous, CFA, Chief Investment Officer of RBC Global Asset Management Inc.

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