

# Insights

## RBC Global Portfolios

Fall 2020 edition



123187 (10/2020)

## How's your home country bias?

As Canadians, we may not realize how much of our wealth is tied to Canada. Our homes, our income and our pensions may all be focused here. So could our investments.

This quarter, we evaluate different ways of diversifying globally and why your investment in RBC Global Portfolios is ideal for investing beyond Canadian borders.



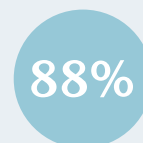
## Did you know?



Allocation to Canadian equity in the average Canadian pension plan.<sup>2</sup>



Canadians were the second leading international buyer of U.S. real estate.<sup>3</sup>



Percentage of stocks from outside North America in the Top 50 performing stocks globally.<sup>4</sup>

## Looking for investment insights?

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<sup>1</sup> Source: Investor Economics Household Balance Sheet Report 2018, data as of December 2017, [www.investoreconomics.com/our-services/](https://www.investoreconomics.com/our-services/)

<sup>2</sup> Source: Average Defined Benefit (DB) plan, Pension Investment Association of Canada (2019).

<sup>3</sup> Source: National Association of Realtors (NAR), 2016 Profile of International Activity in U.S. Residential Real Estate.

<sup>4</sup> Source: RBC GAM, Bloomberg. Country location of top 50 companies within the MSCI All Country World Index (2019).





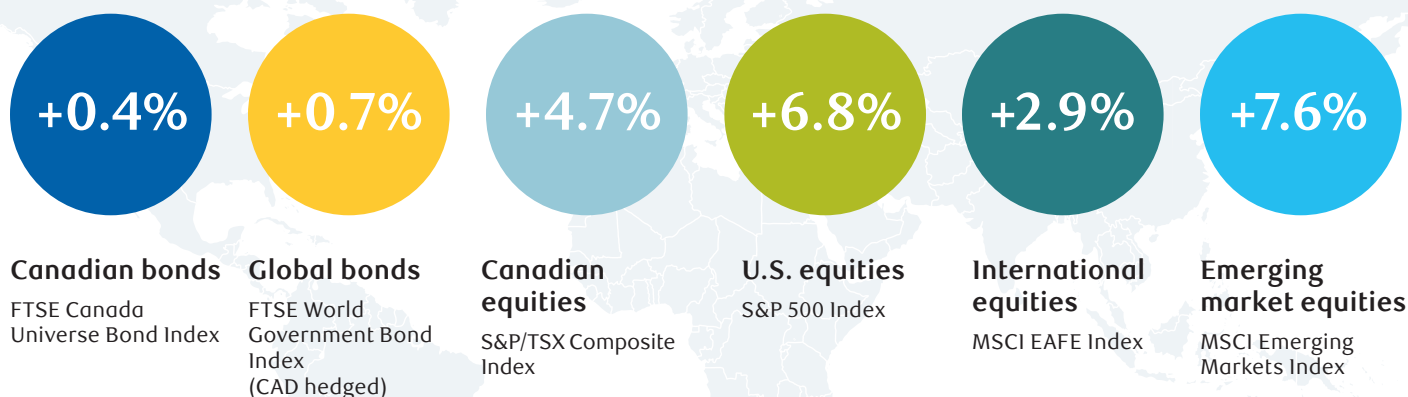
## Portfolio manager viewpoint

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

Equity markets have staged a remarkable recovery as central banks provided critical backstops, economies gradually emerged from shutdown and investor confidence was restored. The economy rebounded quickly after mass quarantines, but progress has slowed as the easiest gains have already occurred. The weak economy and highly accommodative central-bank policies kept government bond

yields at historically low levels. We expect yields to rise from these levels, though not in the foreseeable future. Elevated equity-market valuations and optimistic investor sentiment leave stocks vulnerable to correction in the near term, and we think style exposures should be managed given the massive valuation gap between growth and value stocks. Over the longer term, however, stocks offer superior return potential versus bonds, a view supported by the still significant equity-risk premium that exists in today's low-interest-rate environment. For these reasons, we shifted two percentage points from our bond allocation to stocks this quarter.

## Markets this quarter<sup>1</sup>



For the complete Fall 2020 Global Investment Outlook, please visit [rbcgam.com/gio](https://rbcgam.com/gio)

<sup>1</sup>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 Global Portfolios as part of your investment plan. If you have any questions or comments, please contact us or your advisor.

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