



U.S. EQUITY FUND

## RBC LIFE SCIENCE AND TECHNOLOGY FUND

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December 31, 2023

**Portfolio Manager** RBC Global Asset Management Inc. ("RBC GAM")

The Board of Directors of RBC Global Asset Management Inc. approved this annual management report of fund performance on March 7, 2024.

### **A Note on Forward-looking Statements**

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, 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 made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

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*This annual management report of fund performance ("MRFP") contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling 1-800-463-FUND (3863), by writing to us at RBC Global Asset Management Inc., P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9, or by visiting our website at [www.rbcgam.com/regulatorydocuments](http://www.rbcgam.com/regulatorydocuments) or SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.*



## MANAGEMENT DISCUSSION OF FUND PERFORMANCE

### Investment Objective and Strategies

The Fund seeks to deliver long-term capital growth by investing primarily in equity securities of U.S. companies whose businesses relate to life sciences and technology and are expected to benefit from scientific and technological advances.

The Fund invests in companies with strong management, focused business models and a competitive advantage.

### Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

### Results of Operations

The Fund's net asset value rose to \$1.4 billion as of December 31, 2023, from \$990 million at the end of 2022. The increase was due to investment returns.

Over the past year, the Fund's Series F units gained 38.9%, which outperformed the 37.1% rise in the benchmark. The broad-based index rose 23.6%. The Fund's return is after the deduction of fees and expenses, while benchmark and broad-based index returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of any other series, which may vary because of differences in management fees and expenses.

Of the Fund's three investment segments, equity markets were led during the period by the two technology sectors, Communication Services and Information Technology, while Health Care underperformed. The technology sectors significantly outperformed the broad stock market in 2023, as a small number of companies linked to advances in artificial intelligence ("AI") significantly raised returns, and valuations were bolstered by expectations late in the year that interest rates would come down significantly. The Health Care sector underperformed given stock declines in several large providers of pharmaceuticals and medical diagnostics, including Pfizer, Bristol-Myers, Thermo Fisher and Danaher.

The Fund outperformed its benchmark because of stock selection. In the Information Technology sector, exposure to the software companies Adobe, Salesforce and Palo Alto Networks had a positive impact on relative returns. In the Communication Services sector, an underweight position in Disney and an overweight allocation to Meta Platforms (formerly Facebook) aided performance. Meta Platforms benefited from cost-cutting, a recovery in ad spending and speculation that it would be among the beneficiaries of AI. In

the Health Care sector, returns were limited by higher exposure to Humana, whose earnings were hurt by rising costs, offset by the positive impact of below-benchmark exposure to Pfizer and Bristol-Myers.

The Fund's overweight position in the Communication Services sector and preference for Information Technology over Health Care contributed to relative performance. In the Information Technology sector, Visa, Mastercard and several other payment processors in the Fund had a negative impact on relative performance. In March, payment processors were removed from the Fund's benchmark and stocks in the industry subsequently underperformed significantly. Their retention in the Fund was therefore negative for returns. An underweight allocation to semiconductors also had a negative impact on the Fund's relative returns.

### Recent Developments

Valuations for the Information Technology and Communication Services sectors in early 2024 are relatively high, but, in the view of the portfolio manager, the outlook remains strong. Many companies in these sectors have reduced costs significantly and, as a result, more of their revenues should filter through to the bottom line. Any declines in interest rates would also tend to benefit technology valuations. The biggest risk for technology companies would be the onset of a recession.

In the Health Care sector, the portfolio manager believes that the outlook for companies in biotechnology and medical equipment is brightening, in part due to the potential for a surge in mergers and acquisitions. New-drug pricing regulations and an uncertain outlook for new-product pipelines could continue to weigh on stocks of pharmaceutical companies in 2024.

Effective January 1, 2023, Suromitra Sanatani was appointed as Chair of the Independent Review Committee ("the IRC"). Effective February 1, 2023, Joanne Vézina was appointed as a member of the IRC. Effective March 1, 2023, Enrique Cuyegkeng was appointed as a member of the IRC.

### Related-Party Transactions

#### *Manager, Trustee and Portfolio Manager*

RBC GAM is an indirect, wholly owned subsidiary of Royal Bank of Canada ("Royal Bank") and is the manager, trustee and portfolio manager of the Fund. RBC GAM is responsible for the Fund's day-to-day operations, holds title to the Fund's property on behalf of its unitholders, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. RBC GAM is paid a management fee by the Fund as compensation for its services. The Fund pays a fixed administration fee to RBC GAM, which, in turn, pays certain operating expenses of the Fund. Both the management fee and fixed administration fee are calculated and



accrued daily as a percentage of the net asset value of each series of units of the Fund. RBC GAM, as trustee, earns a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

RBC GAM or its affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. RBC GAM or its affiliates may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with Royal Bank for which Royal Bank may earn a fee. Affiliates of RBC GAM that provide services to the Fund in the course of their normal businesses are discussed below.

#### **Distributors**

RBC GAM, Royal Mutual Funds Inc., RBC Direct Investing Inc., RBC Dominion Securities Inc. and Phillips, Hager & North Investment Funds Ltd. are principal distributors of, or may distribute certain series of units of, the Fund. Dealers may receive an ongoing commission based on the total value of their clients' investment in certain series of units of the Fund.

#### **Registrars**

RBC GAM, RBC Investor Services Trust ("RBC IS") or Royal Bank (or a combination thereof) are the registrars of the Fund and keep records of who owns units of the Fund. The registrars earn a fee, which is paid by the manager from the fixed administration fee paid by the Fund.

#### **Custodian**

RBC IS is the custodian and holds the assets of the Fund. RBC IS earns a fee as the custodian, which is paid by the manager from the fixed administration fee paid by the Fund.

#### **Securities Lending Agent**

To the extent the Fund may engage in securities lending transactions, RBC IS may act as the Fund's securities lending agent. Any revenue earned on such securities lending is split between the Fund and the securities lending agent.

#### **Brokers and Dealers**

The Fund has established standard brokerage and dealing agreements at market rates with related parties. For the periods ended December 31, 2023 and 2022, the related-party commissions were \$14,000 (2022 – \$9,000) or 11% (2022 – 9%) of the total transaction costs paid for this Fund.

#### **Other Related-Party Transactions**

Pursuant to applicable securities legislation, the Fund relied on the standing instructions from the Independent Review Committee with respect to one or more of the following transactions:

##### *Related-Party Trading Activities*

- (a) trades in securities of Royal Bank;
- (b) investments in the securities of issuers for which a related-party dealer acted as an underwriter during the distribution of such securities and the 60-day period following the conclusion of such distribution of the underwritten securities to the public;
- (c) purchases of equity, debt securities or mortgages from or sales of equity, debt securities or mortgages to a related-party dealer, where it acted as principal; and

##### *Inter-Fund Trading*

- (d) purchases or sales of securities of an issuer from or to another investment fund or managed account managed by RBC GAM.

The applicable standing instructions require that Related-Party Trading Activities and Inter-Fund Trading be conducted in accordance with RBC GAM policy and that RBC GAM advise the Independent Review Committee of a material breach of any standing instruction. RBC GAM policy requires that an investment decision in respect of Related-Party Trading Activities (i) is made free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates, (ii) represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the Fund, (iii) is in compliance with RBC GAM policies and procedures, and (iv) achieves a fair and reasonable result for the Fund. RBC GAM policy requires that an investment decision in respect of Inter-Fund Trading is in the best interests of each Fund.



## FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years or for the periods since inception. This information is derived from the Fund's audited annual financial statements.

### Change in Net Assets Per Unit (\$)

For the Year/ Period Ended	Net Assets Beginning of Year/Period	Increase (Decrease) from Operations <sup>1</sup>					Annual Distributions <sup>2</sup>				Net Assets End of Year/Period	
		Total Revenue (Loss)	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total	From Income (Excluding Dividends)	From Dividends	From Capital Gains	Return of Capital		
<b>Series A</b>												
<b>Dec. 31, 2023</b>	<b>29.11</b>	<b>0.27</b>	<b>(0.72)</b>	<b>0.50</b>	<b>10.83</b>	<b>10.88</b>	—	—	—	—	—	<b>40.00</b>
Dec. 31, 2022	37.75	0.24	(0.63)	0.11	(8.54)	(8.82)	—	—	—	—	—	29.11
Dec. 31, 2021	30.21	0.21	(0.68)	0.63	7.44	7.60	—	—	—	—	—	37.75
Dec. 31, 2020	23.37	0.25	(0.55)	0.32	6.80	6.82	—	—	—	—	—	30.21
Dec. 31, 2019	18.56	0.25	(0.44)	0.25	4.74	4.80	—	—	—	—	—	23.37
<b>Series D</b>												
<b>Dec. 31, 2023</b>	<b>33.58</b>	<b>0.31</b>	<b>(0.49)</b>	<b>0.58</b>	<b>12.51</b>	<b>12.91</b>	—	—	—	—	—	<b>46.54</b>
Dec. 31, 2022	43.20	0.27	(0.46)	0.12	(19.29)	(19.36)	—	—	—	—	—	33.58
Dec. 31, 2021	34.28	0.24	(0.46)	0.72	8.38	8.88	—	—	—	—	—	43.20
Dec. 31, 2020	26.31	0.28	(0.37)	0.37	7.51	7.79	—	—	—	—	—	34.28
Dec. 31, 2019	20.70	0.27	(0.29)	0.28	5.27	5.53	—	—	—	—	—	26.31
<b>Series F</b>												
<b>Dec. 31, 2023</b>	<b>38.53</b>	<b>0.36</b>	<b>(0.44)</b>	<b>0.67</b>	<b>14.36</b>	<b>14.95</b>	—	—	—	—	—	<b>53.53</b>
Dec. 31, 2022	49.42	0.32	(0.37)	0.14	(9.20)	(9.11)	—	—	—	—	—	38.53
Dec. 31, 2021	39.11	0.28	(0.41)	0.82	9.87	10.56	—	—	—	—	—	49.42
Dec. 31, 2020	29.93	0.32	(0.33)	0.41	8.93	9.33	—	—	—	—	—	39.11
Dec. 31, 2019	23.49	0.31	(0.25)	0.32	6.01	6.39	—	—	—	—	—	29.93
<b>Series O</b>												
<b>Dec. 31, 2023</b>	<b>9.97</b>	<b>0.10</b>	—	<b>0.18</b>	<b>3.54</b>	<b>3.82</b>	—	—	—	—	—	<b>13.98</b>
Dec. 31, 2022	12.67	0.08	—	0.04	(2.53)	(2.41)	—	—	—	—	—	9.97
Dec. 31, 2021 <sup>3</sup>	9.98 <sup>†</sup>	0.05	—	0.16	2.15	2.36	—	—	—	—	—	12.67

<sup>1</sup> Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

<sup>2</sup> Distributions are reinvested in additional units of the Fund or paid in cash.

<sup>3</sup> From March 22, 2021.

<sup>†</sup> Initial offering net asset value per unit.

### Ratios and Supplemental Data

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) <sup>1</sup>	MER Before Absorption (%) <sup>1</sup>	Portfolio Turnover Rate (%) <sup>2</sup>	Trading Expense Ratio (%) <sup>3</sup>
<b>Series A</b>							
<b>Dec. 31, 2023</b>	<b>40.00</b>	<b>608 703</b>	<b>15 218</b>	<b>2.05</b>	<b>2.05</b>	<b>23.00</b>	<b>0.01</b>
Dec. 31, 2022	29.11	440 355	15 129	2.05	2.05	21.02	0.01
Dec. 31, 2021	37.75	607 286	16 087	2.05	2.05	16.80	0.01
Dec. 31, 2020	30.21	417 220	13 812	2.05	2.05	22.22	0.01
Dec. 31, 2019	23.37	254 686	10 896	2.10	2.10	17.90	0.01



**FINANCIAL HIGHLIGHTS (cont.)**

**Ratios and Supplemental Data (cont.)**

As at	Net Asset Value Per Unit (\$)	Net Asset Value (\$000s)	Number of Units Outstanding (000s)	Management Expense Ratio (%) <sup>1</sup>	MER Before Absorption (%) <sup>1</sup>	Portfolio Turnover Rate (%) <sup>2</sup>	Trading Expense Ratio (%) <sup>3</sup>
<b>Series D</b>							
<b>Dec. 31, 2023</b>	<b>46.54</b>	<b>24 620</b>	<b>529</b>	<b>1.20</b>	<b>1.20</b>	<b>23.00</b>	<b>0.01</b>
Dec. 31, 2022	33.58	17 467	520	1.22	1.22	21.02	0.01
Dec. 31, 2021	43.20	343 560	7 953	1.21	1.21	16.80	0.01
Dec. 31, 2020	34.28	238 643	6 961	1.21	1.21	22.22	0.01
Dec. 31, 2019	26.31	143 730	5 464	1.21	1.21	17.90	0.01
<b>Series F</b>							
<b>Dec. 31, 2023</b>	<b>53.53</b>	<b>794 639</b>	<b>14 846</b>	<b>0.94</b>	<b>0.94</b>	<b>23.00</b>	<b>0.01</b>
Dec. 31, 2022	38.53	531 699	13 800	0.94	0.94	21.02	0.01
Dec. 31, 2021	49.42	375 225	7 593	0.94	0.94	16.80	0.01
Dec. 31, 2020	39.11	206 018	5 268	0.93	0.93	22.22	0.01
Dec. 31, 2019	29.93	75 383	2 519	0.93	0.93	17.90	0.01
<b>Series O</b>							
<b>Dec. 31, 2023</b>	<b>13.98</b>	<b>1 299</b>	<b>93</b>	<b>0.02</b>	<b>0.02</b>	<b>23.00</b>	<b>0.01</b>
Dec. 31, 2022	9.97	881	88	0.02	0.02	21.02	0.01
Dec. 31, 2021 <sup>4</sup>	12.67	1 063	84	0.02	0.02	16.80	0.01

<sup>1</sup> The management expense ratio ("MER") is based on the direct expenses charged to the Fund and the Fund's proportionate share of the expenses of underlying funds, if any, for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. RBC GAM may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption by RBC GAM of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by RBC GAM.

<sup>2</sup> The Fund's portfolio turnover rate gives an indication of the level of activity employed by the portfolio manager. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not applicable to money market funds.

<sup>3</sup> The trading expense ratio represents total commissions and other portfolio transaction costs of the Fund and the Fund's proportionate share of such costs of underlying funds expressed as an annualized percentage of daily average net asset value during the period. The trading expense ratio is not applicable to fixed-income transactions.

<sup>4</sup> From March 22, 2021.

Effective March 1, 2020, the administration fees for Series A units were reduced to 0.10% from 0.15%. If the changes to the administration fees would have been in effect throughout the financial year ended December 31, 2020, the adjusted MER for each series of the Fund would be: Series A – 2.04%.

**Management Fees and Administration Fees**

Management fees and administration fees of each series of the Fund are payable to RBC GAM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The management fee, breakdown of services received in consideration of the management fee, as a percentage of the management fee, and the administration fee for each series are as follows:

	Management Fees	Breakdown of Services		Administration Fees
		Distribution	Other*	
Series A	1.75%	57%	43%	0.10%
Series D	1.00%	25%	75%	0.10%
Series F	0.75%	–	100%	0.10%
Series O	n/a	n/a	n/a	0.02%

Series O – no management fees are paid by the Fund with respect to Series O units. Series O unitholders pay a negotiated fee directly to RBC GAM for investment-counselling services.

\* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

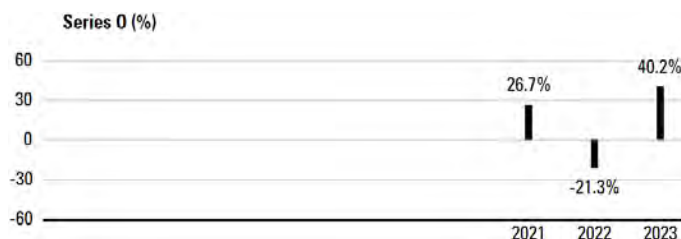
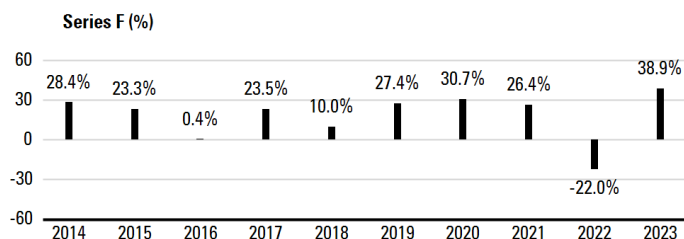
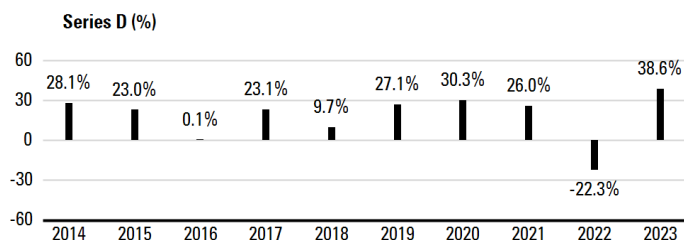
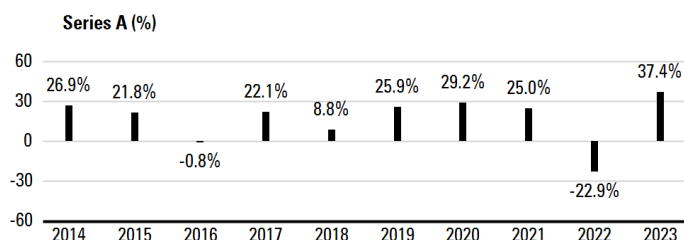


## PAST PERFORMANCE

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund and would be lower if distributions were not reinvested. The performance information does not take into account sales, redemption, distribution, optional charges or income taxes payable that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund may perform in the future. A fund with more than 10 years of performance history is only permitted to disclose the past 10 years.

### Year-by-Year Returns (%)

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year.



### Annual Compound Returns (%)

The table shows the annual compound returns for each series of the Fund and for each of the periods indicated ended on December 31, 2023, compared with the following benchmarks:

S&P 500 Health Care Total Return Index (CAD), S&P 500 Information Technology Total Return Index (CAD), S&P 500 Communication Services – Entertainment Total Return Net Index (CAD) and S&P 500 Communication Services – Interactive Media & Services Total Return Net Index (CAD)

The broad-based index is the S&P 500 Total Return Index (CAD).

	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Series A	37.4	9.8	16.6	15.9	–
Benchmark	37.1	13.5	19.8	19.6	–
Broad-based index	23.6	11.5	15.0	14.5	–
Series D	38.6	10.7	17.6	17.0	–
Benchmark	37.1	13.5	19.8	19.6	–
Broad-based index	23.6	11.5	15.0	14.5	–
Series F	38.9	11.0	17.9	17.3	–
Benchmark	37.1	13.5	19.8	19.6	–
Broad-based index	23.6	11.5	15.0	14.5	–
Series O	40.2	–	–	–	12.8
Benchmark	37.1	–	–	–	14.8
Broad-based index	23.6	–	–	–	11.3

The returns of each series may vary because of differences in management fees and expenses. Benchmark and/or broad-based index returns do not include any costs of investing. See Management Discussion of Fund Performance for a discussion of performance relative to benchmark and/or broad-based indexes.

Series O units have been available for sale to unitholders since March 22, 2021.

Inception dates are not provided for series that have been in existence for more than 10 years.

### INDEX DESCRIPTIONS

**S&P 500 Health Care Total Return Index (CAD), S&P 500 Information Technology Total Return Index (CAD), S&P 500 Communication Services – Entertainment Total Return Net Index (CAD) and S&P 500 Communication Services – Interactive Media & Services Total Return Net Index (CAD)** This index tracks, in Canadian dollars, the combined performance of the U.S. Health Care and Information Technology sectors, as well as the entertainment and interactive media and services sub-sector of the U.S. Communication Services sector.

**S&P 500 Total Return Index (CAD)** This index is a capitalization-weighted index measuring the Canadian-dollar performance of 500 widely held common stocks representing all major industries in the United States. The index gives investors a broad measure of the overall performance of the U.S. stock market.



**SUMMARY OF INVESTMENT PORTFOLIO**

*(after consideration of derivative products, if any)*

As at December 31, 2023

**Investment Mix**

	% of Net Asset Value
Software	22.2
Semiconductors and Semiconductor Equipment	14.0
Interactive Media and Services	13.3
Technology Hardware, Storage and Peripherals	9.4
Pharmaceuticals	6.5
Health Care Providers and Services	6.0
Financial Services	3.8
Biotechnology	3.7
IT Services	3.5
Health Care Equipment and Supplies	3.3
Life Sciences Tools and Services	2.6
Entertainment	2.3
Communications Equipment	2.0
Electronic Equipment, Instruments and Components	1.7
Underlying Funds	1.7
Broadline Retail	0.8
Equity Real Estate Investment Trusts	0.3
Personal Care Products	0.3
Aerospace and Defense	0.3
Road and Rail	0.3
Cash/Other	2.0

**Top 25 Holdings**

	% of Net Asset Value
Microsoft Corp.	11.1
Apple Inc.	9.3
Alphabet Inc.	8.0
NVIDIA Corp.	5.9
Meta Platforms Inc.	4.5
UnitedHealth Group Inc.	2.8
Eli Lilly & Co.	2.6
Broadcom Inc.	2.5
Cash & Cash Equivalents	2.0
Adobe Inc.	1.8
Visa Inc.	1.8
Merck & Co. Inc.	1.7
Salesforce Inc.	1.7
Mastercard Inc.	1.5
Netflix Inc.	1.4
Accenture Plc.	1.4
Intuit Inc.	1.3
Johnson & Johnson	1.3
ServiceNow Inc.	1.2
Intel Corp.	1.1
Synopsys Inc.	1.1
Thermo Fisher Scientific Inc.	1.1
Oracle Corp.	1.1
Applied Materials Inc.	1.1
Intuitive Surgical Inc.	1.0
<b>Top 25 Holdings</b>	<b>70.3</b>

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at [www.rbcgam.com/regulatorydocuments](http://www.rbcgam.com/regulatorydocuments).