



## RBC Private Overseas Equity Pool

### Commentary as at June 30, 2025

Relative returns were held back during the period by the Fund's investment preference for companies with dependable earnings, strong balance sheets and other "quality" characteristics. These kinds of companies underperformed during the period.

Stocks that had a negative impact on relative returns included Puma, the German sneaker and sportswear brand that declined after the company failed to meet its profit-margin targets, leading to job cuts. Among the challenges faced by the company are the threat of higher U.S. tariffs, which are largely targeted at major trade partners. Another holding that was hurt by U.S. tariffs was Techtronic, a Hong Kong-based designer of power tools under the Milwaukee and Ryobi brands. The sub-advisor took advantage of a drop in the shares to add to the portfolio's position, supported by the company's strong quality characteristics and the fact that most of its production is outside China, a main target of U.S. tariffs.

Stocks that contributed to the Fund's performance included Thales, a French defence company that is the leading manufacturer of defense sensors in Europe and the global leader in advanced air-defence systems. The shares rose after Europe agreed to boost defence spending amid concern that the U.S. is no longer viewed as a reliable security partner. Shares of National Bank of Greece, one of the country's three main financial institutions, contributed to performance. The sub-advisor believes that the bank offers a good opportunity to gain exposure to Greece's improving economy because the company's strong loan and fee income growth will support profitability, and its strong balance sheet will provide high capital returns to shareholders.

Over the long term, companies that offer strong balance sheets and dependable earnings have tended to outperform those with inconsistent profits or higher levels of debt. The sub-advisor believes that the kind of company invested in by the Fund will at some point re-emerge as the type of investment that offers superior returns.

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