

RBC Private U.S. Large-Cap Value Equity Currency Neutral Pool



Commentary as at June 30, 2025

The Fund's returns were held back by unfavourable stock selection, while asset allocation had a modest positive effect on returns. Stock selection in the Information Technology, Industrials and Consumer Staples sectors limited relative returns, while stock selection had a positive impact in Financials and Consumer Discretionary. The Fund's allocation to the Health Care and Information Technology sectors was reduced during the period, while exposure to Financials and Industrials was increased. The Fund had no exposure to the Materials sector.

UnitedHealth Group declined following disappointing financial results, poor execution in its Medicare business, the resignation of its chief executive officer and regulatory uncertainty. Marvell Technology, which makes semiconductor-based systems that handle the complex calculations required for artificial intelligence ("AI"), and Salesforce, which offers cloud-based platforms for business, declined with other technology stocks on concern that DeepSeek and other Chinese AI companies could become more competitive. Boise Cascade, the wood-products manufacturer, fell as weak housing starts hurt prices in its primary product lines. HP Inc. declined following disappointing financial results as U.S. tariffs forced the company to move some production outside China. UnitedHealth Group and HP were eliminated from the Fund during the period.

Abbott Laboratories, a provider of health-care products, benefited in part from improved profit margins. Stocks in the Financials sector were among the Fund's top holdings as financial markets continued to perform well in the first half of 2025. JPMorgan Chase gained on higher interest rates, which helped net interest income. Arthur J. Gallagher, an insurance brokerage, benefited from higher profits and revenue. Visa was aided by sustained consumer spending and growth in highly profitable segments of the business, and gains in Microsoft came from growth in Azure, the company's cloud services business, along with AI services.

The sub-advisor believes that economic conditions may continue to deteriorate for the remainder of 2025 given the weakening jobs market, falling consumer confidence and the increasing unpredictability of U.S. policymaking. The uncertainty may delay spending and investing decisions, adding further financial-market volatility, and prompt investors to focus on companies with proven cash flows and attractive valuations, while shunning investments that carry greater risk.

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