RBC Asian Equity Fund

Commentary as at June 30, 2024

Asian equities registered gains in the first half of 2024, driven by strong returns in Taiwan, Japan, India, South Korea and China. South Korea and Taiwan benefited from demand for hardware used in the development of artificial intelligence. India gained on solid economic growth, relatively benign inflation, a pro-business government and ample bank credit. China outperformed as economic indicators showed some improvement.

Japanese stocks posted gains in local-currency terms, as the global economic backdrop remained positive. Equities were bolstered by a decline in the yen that sent the currency to its lowest levels in almost 40 years. The central bank's almost two-decade commitment to fight chronic deflation through negative interest rates came to an end in March, when the Bank of Japan (the "BOJ") raised its benchmark interest rate for the first time since 2007. As part of the decision, the BOJ raised the short-term rate to between zero and 0.1% from minus 0.1%. The yen's persistent weakness was tied in part to investor skepticism that interest rates will rise much more.

Both of the Fund's holdings had a positive impact on the portfolio's returns, with the RBC Asia Pacific ex-Japan Equity Fund having a larger positive effect on returns than the RBC Japanese Equity Fund.

Asia's economic growth remains solid given stable domestic economies and healthy exports, particularly of semiconductors. As a result, labour markets are generally characterized by job gains and steady inflation-adjusted income growth. India, Indonesia and the Philippines are forecast to be the fastest-growing economies in the region in 2024, and China's outlook has improved slightly as the government supports the property market. In Australia, consumption is expected to pick up in the second half of 2024 given a strengthening labour market.

The Japanese currency remains weak given that nominal U.S. interest rates are much higher than they are in Japan. Improvements in Japanese corporate governance and a focus on improving shareholder returns continue, as many companies make strides in prioritizing investments based on a search for the best returns and disposing of low-return businesses.

This has been provided by RBC Global Asset Management Inc. (RBC GAM) and is for informational purposes, as of the date noted only. Discussion of any securities in this report is not a recommendation to buy or sell any specific security, and is subject to change. It is not intended to provide legal, accounting, tax, investment, financial or other advice and such information should not be relied upon for providing such advice. RBC GAM takes reasonable steps to provide up-to-date, accurate and reliable information, and believes the information to be so when provided. Past performance is no guarantee of future results. Interest rates, market conditions, tax rulings and other investment factors are subject to rapid change which may materially impact analysis that is included in this document. You should consult with your advisor before taking any action based upon the information contained in this document. All opinions constitute our judgment as of the dates indicated, are subject to change without notice and are provided in good faith without legal responsibility. Information obtained from third parties is believed to be reliable but RBC GAM and its affiliates assume no responsibility for any errors or omissions or for any loss or damage suffered. RBC GAM reserves the right at any time and without notice to change, amend or cease publication of the information.

Please consult your advisor and read the prospectus or Fund Facts document before investing. There may be commissions, trailing commissions, management fees and expenses associated with mutual fund investments. Mutual funds are not guaranteed or covered by the Canada Deposit Insurance Corporation or by any other government deposit insurer. Mutual fund unit values change frequently. For money market funds, there can be no assurances that the fund will be able to maintain its net asset value per security at a constant amount or that the full amount of your investment in the fund will be returned to you. Past performance may not be repeated. RBC Funds, RBC Private Pools, RBC Alternative Funds and PH&N Funds are offered by RBC Global Asset Management Inc. (RBC GAM) and distributed through authorized dealers in Canada.

This document may contain forward-looking statements about a fund or general economic factors which are not guarantees of future performance. Forward-looking statements involve inherent risk and uncertainties, 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. All opinions in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.