

## RBC U.S. Equity Fund



### Commentary as at December 31, 2020

The S&P 500 Index began the year strongly and reached an all-time high in February. However, this broad measure of U.S. stock performance experienced the fastest decline in its history in February and March, falling by just over a third in less than a month as the spread of COVID-19 brought the economy to a standstill. U.S. stocks then rebounded strongly after governments around the world launched substantial monetary and fiscal stimulus. By early September, the S&P 500 was again reaching all-time highs on better-than expected economic growth, and the index continued to surge in November after what was perceived as a market-friendly outcome in the U.S. elections and news that at least two vaccines had been approved to combat COVID-19.

The Fund's relative performance was aided by asset allocation in the Financials, Energy and Industrials sectors. In the Industrials sector, an above-benchmark position in Parker-Hannifin contributed to returns as the maker of measurement instruments surged on perceptions that it would benefit from a manufacturing rebound when the economy returned to something resembling normal.

The Fund's underweight allocation to the top-performing Information Technology sector had a negative impact on relative returns.

Investors seem to be expecting a quick and successful roll-out of two COVID-19 vaccines in 2021, for the Biden administration to get another COVID-19 relief bill passed shortly after the inauguration on January 20, and for economic activity and earnings to exceed 2019 levels by the end of 2021. While this scenario is possible, the portfolio manager acknowledges that strong equity-market gains may already reflect much of the impact of these developments. The portfolio manager's view, therefore, is that earnings will have to continue exceeding expectations to keep the stock market moving higher.

This has been provided by RBC Global Asset Management Inc. (RBC GAM) and is for informational purposes only. 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. 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. Some of the statements herein may be considered forward-looking statements which are not guarantees of future performance. Forward-looking statements involve inherent risk and uncertainties. Do not to place undue reliance on these statements as a number of important factors could cause actual results or events to differ materially from those described. 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.

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, BlueBay Funds, PH&N Funds and RBC Corporate Class Funds are offered by RBC Global Asset Management Inc. and distributed through authorized dealers in Canada.