RBC Global Asset Management

RBC Vision Canadian Equity Fund

Commentary as at December 31, 2025

Canada's stock benchmark outperformed most major international indexes, led by gains in shares of precious-metals companies and financial firms. Gold producers as a group more than doubled, with bullion surging to records during the period. The price of gold exceeded US$4,300 an ounce and silver exceeded US$66 an ounce after steady climbs during the year. Precious metals benefited amid geopolitical crises, concern about the independence of the U.S. Federal Reserve, declining interest rates and U.S.-dollar weakness. Precious-metals stocks are classified in the Materials sector, and this sector was the Canadian stock index's top-performing one in 2025.

Stocks in the Financials sector also offered attractive returns as contributions from their capital-markets and wealth-management arms offset more subdued lending growth and higher loan losses. Returns were limited in the first half of the year by uncertainty after President Trump raised global tariffs, including on Canadian steel, aluminum and auto-related companies. Most Canadian exports were not affected, however, as they fell under the existing trade agreement with the U.S. and Mexico.

The Bank of Canada lowered rates four times, as inflation concerns subsided and economic-growth worries emerged. The benchmark rate declined to 2.25% from 3.25%, reflecting policymakers' shift toward providing relief to increasingly strained Canadian consumers and businesses impacted by economic weakness.

The Fund's relative exposure to Aritzia, Newmont and Alimentation Couche-Tard had the most positive impact on the Fund's returns, while exposure to Toronto-Dominion Bank, Barrick Mining and Pan American Silver was negative for performance.

The sectors that had the most positive impact on the Fund's returns were Consumer Discretionary, Consumer Staples and Communication Services, while exposure to Financials, Materials and Energy had a negative impact.

The Fund had overweight positions in Royal Bank of Canada, Canadian Imperial Bank of Commerce and Saputo and underweight positions in TC Energy, Barrick Mining and Toronto-Dominion Bank.

At the sector level, the Fund had overweight exposure to Industrials, Communication Services and Real Estate and underweight exposure to Consumer Staples, Materials and Consumer Discretionary.

In the view of the portfolio manager, U.S. trade tensions are likely to continue to weigh on the economic expansion. However, the earnings outlook remains bright for the Materials, Financials and Information Technology sectors, which have been driving returns in the Canadian stock market.

During 2025, two issuers were deemed ineligible by Sustainalytics and subsequently removed from the Fund for failing to meet the Fund's ESG exclusion criteria.

Suncor Energy, Inc was divested from the Fund because the issuer was assigned an ESG Risk Rating of 'Severe' and ranked in the bottom quartile of its subindustry peer group, as defined by Sustainalytics.

Pan American Silver Corp. (PAAS) was divested from the Fund after the Fund received PAAS shares following the issuer's acquisition of MAG Silver Corp. PAAS was involved in a Category 4 or "high" ESG-related controversy, as determined by Sustainalytics, involving historical human rights-related concerns at a mine in Guatemala.

No other material investment decision was made based on the ESG exclusion criteria during 2025. In the opinion of Sustainalytics and RBC GAM, all other holdings in the Fund were eligible at the time of review.