

RBC O'Shaughnessy All-Canadian Equity Fund



Commentary as at December 31, 2023

Stocks performed well in most major markets in 2023, led by U.S. large-capitalization technology stocks benefiting from optimism about recent advances in artificial intelligence. Stocks were bolstered overall by strong U.S. economic growth, while weaker expansions in Europe, Asia, and Canada were generally aligned with equity performances in those markets.

Optimism that two years of interest-rate hikes were coming to an end offset a host of negative news over the course of 2023, including a short-lived U.S. banking crisis in March; mid-year concerns that a recession would unfold; and the outbreak in October of war in the Middle East. Most of the equity gains in 2023 came in November and December, once investors were comfortable that the drop in inflation was sustainable.

An overweight position in shareholder yield and value aided the Fund's returns. Performance was mixed in measures of financial strength, earnings growth, and earnings quality. The Fund's bias against large-capitalization companies in the benchmark, hurt performance.

From a sector perspective, underweight allocations to Communication Services and Materials aided performance, while an underweight allocation to Information Technology and an overweight allocation to Consumer Staples hurt returns. Stock selection in the Financials sector contributed to performance, offset by the negative impact of stock selection in Information Technology and Industrials. The Fund's underweight weighting in First Quantum Minerals and exposure to Secure Energy Services aided returns. A lack of relative exposure to Shopify held back returns the most among investment decisions involving individual stocks. Exposure to Cenovus Energy and Precision Drilling held back returns.

During the period, the Fund decreased allocations to the Materials, Utilities, and Communication Services sectors and increased allocations to Consumer Staples, Energy, Information Technology, and Industrials.

The portfolio manager has no recent developments to report.

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