

RBC O'Shaughnessy Global 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.

The Fund's overweight position in companies scoring high in value and momentum aided returns, while exposure to measures of shareholder yield and quality, was mixed. Exposure to stocks that were less volatile than the benchmark limited performance.

From a sector perspective, underweight positions in Consumer Staples, Utilities, and Health Care aided performance, while overweight allocations to Energy and Materials were negative for performance. From a country perspective, overweight exposure to Greece and underweight exposure to China aided returns, while a lack of exposure to Indonesia and Turkey, limited performance. Stock selection in Spain and Germany aided performance, while stock selection was weak in the U.S. given the disproportionately large benchmark impact of the companies with the largest market capitalizations. For example, lower exposure to Amazon, Meta Platforms, (formerly Facebook) and Nvidia held back returns, offset to a degree by large holdings in Microsoft. Overweights to Jumbo SA, Broadcom, and Industria de Diseno Textil, aided returns.

During the period, the Fund decreased allocations to the Consumer Staples, Energy, Health Care, and Real Estate sectors, and increased allocations to Communication Services, Consumer Discretionary, and Information Technology.

The portfolio manager has no recent developments to report.

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.