



## RBC Funds (Lux) – Global Equity Focus Fund – Second Quarter 2017 Commentary

In the second quarter of 2017, the Fund returned 7.1 %\* outperforming its benchmark, the MSCI World Total Return Index (USD), which returned 4.0%.

Indian financial HDFC Bank was the largest contributor to returns as its share price continued to rally. Intuit, the US developer of personal and small business accounting software, was the second biggest. Concerns over lower levels of US tax filing abated, alongside the potential benefits the gig economy will give to personal accounting tool providers. US domiciled alternative asset manager, Blackstone, was the third largest contributor.

TJX, the US discount retailer, was the biggest detractor during the quarter. Traditional US retail is under threat from online alternatives and shopping mall traffic is falling, however we believe that TJX retains a unique business model and we continue to favour it. EOG Resources, the US onshore oil producer, was the second biggest detractor as its share price has suffered from falling oil prices. Core Laboratories, a US oil services company, also detracted on the back of the weak oil price.

With the notable exception of the UK, much of the political uncertainty that has dominated the headlines over the last 12 months appears to be receding. Against this more settled backdrop, global equities continued to perform well during the second quarter, with earnings resolutely strong. Bond yields have remained at historically low levels and the US dollar has been weak, both these factors adding impetus to the search for high quality businesses with predictable and growing earnings. Towards the end of the quarter, however, several of the world's largest central banks began to hint at policy tightening.

As always the RBC Global Equity team remains committed to the discovery of companies that we deem to be future success stories. We are constantly searching for compelling long-term opportunities at the right valuations whilst avoiding those businesses that are overvalued or optically cheap but fundamentally flawed.

\* Net of fees and expenses for the O share class

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