



## RBC Funds (Lux) – Asia ex-Japan Equity Fund – Fourth Quarter 2018 Commentary

In the fourth quarter of 2018, the Fund returned -7.1%\* outperforming its benchmark, the MSCI AC Asia ex-Japan Net Index (USD), which returned -8.7%.

In Asia equity bourses continued to suffer from the effects of macro headlines, especially the trade tensions between the U.S. and China. The MSCI China Index was one of the worst performers in the region as sentiment was dampened by trade uncertainty and slowing economic activity. At the sector level, the Real Estate and Utilities sectors outperformed while Information Technology and Consumer Discretionary trailed the benchmark returns.

Market volatility is expected to remain elevated in the near term given the risks of an escalated trade war between the U.S. and China. Given Sino-U.S. trade tensions, the portfolio manager is shifting focus to investments outside China, mainly in Asian emerging markets. The portfolio manager believes that 2018's equity market declines and the expectation of significant market fluctuations in to 2019 will provide the Fund with good investment opportunities.

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

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