

US Small Cap Core Equity

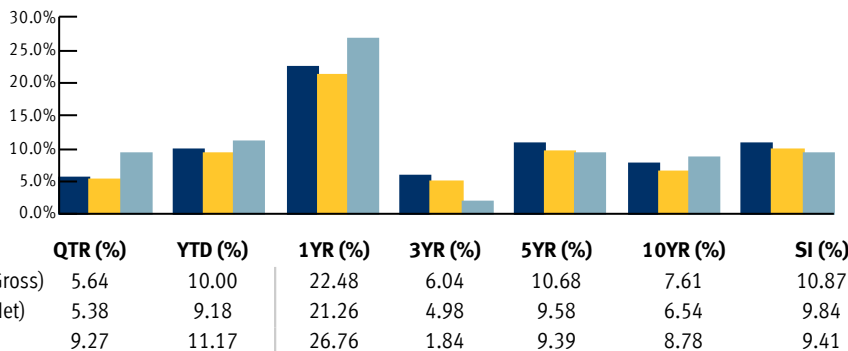
Quarterly Commentary

After wobbling early in the third quarter, US equity markets regained their footing and finished the quarter at or approaching fresh cycle highs. Investors appear to be fully embracing the soft landing narrative, as economic activity continues to decelerate, albeit not to the degree that would raise alarm bells given a backdrop of moderating inflation and central bank monetary easing; both factors should lessen economic headwinds in the coming months and quarters. Previous market leadership was concentrated in mega-cap technology companies fueled by excitement around the potential for artificial intelligence (AI) related productivity innovations.

As of the most recent quarter-end, the US Small Cap Core Equity strategy underperformed its benchmark, the Russell 2000 Index, as shown in the investment performance chart. The benchmark had a strong quarter, with 10 of the 11 economic sectors posting positive returns, led by real estate (18.0%), communication services (17.8%), and financials (15.2%). The lagging sectors were led by energy (-8.3%) and information technology (4.3%). During the quarter, the portfolio was underweight to the real estate and financials sectors, slightly overweight to the communication services and energy sectors, and overweight to the information technology sector.

Both security selection and sector allocation drove the strategy's underperformance relative to the benchmark. Detracting the most from relative performance was security selection in the industrials and information technology sectors, which outweighed the benefit of security selection in the consumer discretionary and health care sectors.

Investment Performance



Past performance is not indicative of future results.

Source: RBC Global Asset Management, FactSet

Inception of the performance record is 9.1.91.

Returns are presented in gross and net of fees and include the reinvestment of all income. All returns for periods greater than one year are shown on an annualized basis. Performance and composite information presented is supplemental to the "GIPS® Composite Report" which contains additional information regarding calculation of performance data.

Strategy Overview

- AUM: \$422.7 million
- Inception: September 1991
- Benchmark: Russell 2000 Index
- Vehicles: Separate Account, US Mutual Fund, Canadian Mutual Fund

Investment Philosophy & Style

- Belief that strong absolute risk-adjusted returns can be generated over time by investing in neglected companies with:
 - Sound long-term business fundamentals
 - Near-term profitability improvement
 - Low valuations at the time of purchase

Investment Process

- Begin with universe of approximately 2,300 publicly traded companies with market capitalization ranges within the range of the Russell 2000 index
- Emphasis on companies in the lower end of the market cap scale, between \$200 million and \$1 billion, with little analyst coverage and not as efficiently valued
- In-depth and rigorous long-term fundamental research drives security selection

Portfolio Construction

- Well-diversified portfolios: 50-80 issues
- Maximum in a single security: 5%
- Majority of returns from stock selection
- Fully invested in equities; no market timing
- Low portfolio turnover

Investment Team

Lance F. James, Lead Portfolio Manager
Industry Experience: 44 years

Murphy O'Flaherty, Senior Portfolio Manager
Industry Experience: 29 years

Alison Kerivan, Associate Portfolio Manager
Industry Experience: 29 years

Patrick Zhou, Portfolio Engineer
Industry Experience: 6 years

Tavish Boyle, CFA, Equity Analyst
Industry Experience: 3 years

Sector Allocation ¹

	Strategy (%)	Benchmark (%)
Industrials	24.1	16.9
Consumer Discretionary	14.4	10.2
Financials	14.3	18.1
Information Technology	14.2	12.8
Health Care	11.6	17.5
Energy	5.6	5.3
Real Estate	5.6	6.4
Materials	3.0	4.5
Communication Services	2.8	2.7
Utilities	2.8	2.8
Consumer Staples	1.6	2.8

Top Ten Holdings ¹

Company Name	Strategy (%)
Lantheus Holdings Inc	4.0
Barrett Business Services Inc	3.9
Taylor Morrison Home Corp	3.6
Ducommun Inc	3.6
Compass Diversified Holdings	3.5
Group 1 Automotive Inc	3.3
Patrick Industries Inc	3.2
Astrana Health Inc	2.9
Magnolia Oil & Gas Corp	2.9
Nexstar Media Group Inc	2.8

About RBC Global Asset Management

- Over \$503 billion Assets Under Management*
- Offices in North America, Europe and Asia
- 395 investment professionals globally

*AUM includes US \$5.2B+ in portfolio assets managed by unaffiliated investment advisors based on models provided by RBC Global Asset Management entities.

Past performance is not indicative of future results.

Source: RBC Global Asset Management

¹Supplemental information complements the "GIPS®

Composite Report" as provided. The information presented are those of the representative account in the strategy.

There is no guarantee that every account will be identical to the information presented here.

This presentation should not be construed as a recommendation to buy or sell any financial instruments.

The information contained herein should not be relied upon as the sole investment-making decision.

Risk Characteristics

10 Years

	Alpha (%)	Beta	Standard Deviation (%)	R-Squared (%)	Upside Capture (%)	Downside Capture (%)	Sharpe Ratio
Strategy (Gross)	-1.36	1.03	21.59	92.64	93.16	100.46	0.28
Benchmark	-	-	20.27	-	-	-	0.35

Portfolio Characteristics ¹

	Strategy	Benchmark
Fundamentals		
Return on equity	8.9%	1.2%
Forward EPS growth	39.1%	33.9%
Long term debt to total capitalization	40.6%	46.0%
Valuation		
Forward price to earnings	14.1	26.4
Price to book	2.0	2.0
Price to sales	1.1	1.3
Portfolio Statistics		
Weighted average market cap	\$4.4 bn	\$3.5 bn
Holdings (ex cash)	60	1969
Active share	95.1%	-

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GIPS® Composite Report, as at September 30, 2024

RBC GAM U.S. Equity - Small Cap Core

Inception Date: September 1, 1991

Benchmark: Russell 2000 Index

Currency: USD

Annual returns

Year end	Composite gross return (%)	Composite net return (%)	Benchmark return (%)	Composite 3 yr std dev (%)	Benchmark 3 yr std dev (%)	Number of portfolios	Internal dispersion (%)	Composite assets (millions)	Firm assets (millions)
YTD 2024	10.00	9.18	11.17	21.79	22.20	4	0.12	418.8	497,475.6
2023	21.65	20.44	16.93	20.62	21.11	4	0.18	376.1	427,022.8
2022	-17.09	-17.91	-20.44	27.28	26.02	4	0.16	328.8	385,022.7
2021	24.48	23.24	14.82	25.35	23.35	5	0.32	461.2	481,049.3
2020	8.94	7.86	19.96	27.97	25.27	7	1.16	628.5	424,813.8
2019	25.94	24.68	25.52	18.48	15.71	9	1.49	703.3	361,400.0
2018	-23.94	-24.70	-11.01	17.97	15.79	19	0.61	942.2	305,983.2
2017	11.96	10.85	14.65	15.50	13.91	30	0.29	2,405.1	331,885.2
2016	27.02	25.75	21.31	16.87	15.76	30	0.45	2,274.8	289,538.6
2015	-6.42	-7.35	-4.41	14.11	13.96	28	0.36	1,987.8	276,979.3
2014	5.32	4.28	4.89	13.09	13.12	26	0.42	1,821.2	302,064.4

The GIPS® Composite Report is incomplete without the full disclosures. **n/a** = not applicable, **std dev** = standard deviation

Description of the Firm: For the purposes of Global Investment Performance Standards (GIPS®), RBC Global Asset Management (RBC GAM) is the asset management division of Royal Bank of Canada (RBC) that has responsibility for managing discretionary assets, and includes the following separate but affiliated subsidiaries: RBC Global Asset Management Inc. (including PH&N Institutional), RBC Global Asset Management (U.S.) Inc., RBC Indigo Asset Management Inc., RBC Global Asset Management (UK) Limited, and RBC Global Asset Management (Asia) Limited (outside of North America, RBC GAM conducts business under the brand RBC BlueBay Asset Management). RBC purchased Phillips, Hager & North Investment Management Ltd., including the assets of BonaVista Asset Management Ltd., on May 1, 2008, BlueBay Asset Management LLP on December 17, 2010, and HSBC Global Asset Management (Canada) Limited on March 28, 2024. RBC GAM's lists of composite descriptions, limited distribution pooled fund descriptions and broad distribution pooled funds are available upon request. As of December 31, 2023, the RBC GAM group of companies manages more than C\$566 billion (US\$427 billion) in a full spectrum of asset classes and strategies.

Compliance Statement: RBC GAM claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. RBC GAM has been independently verified for the periods January 1, 2002 through December 31, 2022. The verification report(s) is/are available upon request. A firm that claims compliance with the GIPS® standards must establish policies and procedures for complying with all the applicable requirements of the GIPS® standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS® standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. The U.S. Equity - Small Cap Core composite has been examined for the periods January 1, 2002 - December 31, 2022. The verification and performance examination reports are available upon request.

Composite Description: The Small Cap Core Equity Composite consists of accounts that invest in the common stocks of companies that we believe possess above-average growth potential that is underestimated by the market and that provide attractive valuations. Target companies generally have market capitalizations within the same range as the Index upon initial purchase.

Benchmark: The benchmark for this composite is the Russell 2000 Index, which measures the performance of the 2,000 smallest companies by market cap in the more broadly based Russell 3000 Index, which in turn represents 98% of the U.S. equity market cap. Index returns are provided for comparison purposes to represent the investment environment existing during the time periods shown. An index is fully invested, includes the reinvestment of dividends and capital gains, but does not include any transaction costs, management fees, or other costs. Holdings of each separately managed account in a composite will differ from the index. An investor may not invest directly in an index.

Gross of Fees: Gross of fees performance returns are presented before management fees, but after all trading expenses. Returns are presented net of withholding taxes on dividends, interest income and capital gains where applicable.

Net of Fees: Net of fee performance is calculated using the maximum stated annual fee of 1.00% applied monthly. Prior to January 1, 2013 net of fee performance was calculated using annual fees. Prior to May 8, 2006, net of fee performance reflects the maximum stated fee of 1.00% calculated and applied monthly.

Performance Calculations: Results are based on all fully discretionary accounts meeting the composite definition, including those accounts no longer with the firm. Returns are shown in U.S. Dollars, and include the reinvestment of all income. Additional information regarding policies for valuing investments, calculating performance, and creating GIPS® Reports is available upon request. Past performance is not indicative of future results.

Composite Dispersion: The composite dispersion of annual returns is indicated by the performance of individual accounts representing the equal weighted standard deviation of returns. Dispersion of returns is calculated for portfolios included in the composite for the full year. Calculations are based on gross portfolio returns if gross composite returns are presented. If only net composite returns are presented, then net portfolio returns are used in the composite dispersion calculation.

3-Year Standard Deviation: Periods with less than 3 years of data will show "n/a". Calculations are based on gross composite returns, if gross composite returns are presented. If only net composite returns are presented, then net composite returns are used in the calculation.

Derivatives, Leverage and Short Positions: None of these strategies are currently employed by any accounts in this composite.

Cash Flow Policy: As of April 1, 2015 the significant cash flow policy was removed from the composite. Prior to that date, composite policy required the temporary removal of any portfolio incurring a client-initiated significant cash inflow or outflow of at least 10% of portfolio assets. The temporary removal of such an account occurred at the beginning of the month in which the significant cash flow occurred and the account re-entered the composite the first full month of being fully invested.

Fee Schedule: 1.00% on first \$10 million; 0.90% on next \$15 million; 0.80% on next \$25 million; 0.70% on assets over \$50 million. Advisory fees are described on this page and in Form ADV Part 2A. RBC GAM reserves the right to negotiate all advisory fees.

Minimum Account Size: There is no minimum account size for this composite.

Creation Date: This composite was created on May 8, 2006 and has an inception date of September 1, 1991.

Composite History: Performance presented through May 5, 2006 is for a registered fund sub-advised by the Portfolio Management Team while affiliated with a prior firm. The advisor to the fund through April 5, 2004 was Jones and Babson, Inc. Jones and Babson was an affiliated company of RBC GAM beginning May 1, 2003. RBC GAM has been the advisor to the fund since April 16, 2004. Either directly or through its affiliate, Jones and Babson, RBC GAM has had a role in sub-advisor selection of this fund since May 1, 2003. On May 8, 2006, the primary decision maker for the Small Cap Core strategy joined RBC GAM and continued to manage the strategy using the same philosophy and process.

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