

# International Equity Sub Fund

Quarterly Report, Q2 2023  
Issue 39



<b>June Net Asset Value:</b>	\$13.5822
<b>Assets:</b>	\$19.95M
<b>Inception:</b>	Nov-11

## PERFORMANCE

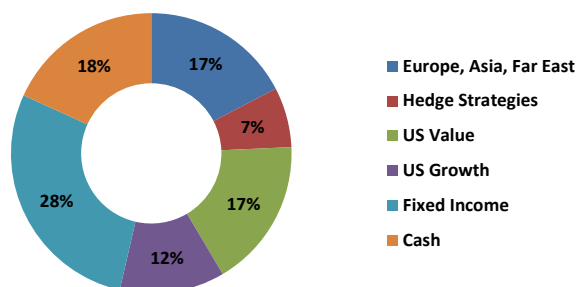
	Fund	Benchmark*
1 Month	0.87%	5.64%
3 Month	0.58%	5.58%
1Yr	0.88%	14.42%
3Yr	5.92%	10.03%
5Yr	4.34%	7.03%

\*MSCI All Country World Index (MXWD)

## TOP FIVE HOLDINGS

MS FIXED INCOME STRATEGY	28.18%
ARISTOTLE VALUE EQUITY	17.20%
POLEN FOCUS GROWTH STRATEGY	12.12%
OAM EUROPEAN VALUE FUND	9.03%
OAM ASIAN RECOVERY FUND	8.33%

## ALLOCATION



## Diversification at work

The Fund had a fairly slow Q2 providing a return of 0.58%. The Fund underperformed in June and Q2 versus the benchmark due to the Fund having greater exposure to value managers versus the benchmark. Growth has outperformed value since the 2008, but as the U.S. economy slows and higher interest rates bite, we expect the pendulum to swing back in favour of value. The underperformance was also due to a tactical decision to reduce U.S. equity exposure and place these funds in fixed income investments. This tactical decision was made to reduce downside exposure and to provide liquidity to take advantage of an expected equity market pullback. While this pull back expected in early 2023 didn't occur, we feel it has only been delayed to the second half of 2023.

During the first half of 2023 instead of the expected pull back in equity values, equity markets performed well while bond prices declined. Within equity markets growth stokes (essentially the mega cap tech stocks) rallied while value stocks languished. Only 12.12% of the portfolio is directly invested in growth stocks, while 34.6% is invested in value stocks.

The Bloomberg consensus forecasts for real GDP and CPI are detailed in the table below. Asian economies are expected to outperform while European and U.S. economies underperform the global economy. The yellow cells reflect decreasing forecasts while the green reflect increasing forecasts. Only India has 2024 GDP forecasts that trended upward.

The strategy is to add to the OAM funds to increase exposure to European and Asian equities and invest excess cash in liquid fixed income investments for deployment in the second half of 2023 once the expected US equity market correction occurs.

Real GDP (YoY%)	2023	2024	2025	CPI (YoY%)	2023	2024	2025
World	2.6	2.7	3.1	World	5.5	3.9	3.4
US	1.5	0.6	1.9	US	4.1	2.5	2.4
China	5.4	4.8	4.7	China	1.1	2.2	2.0
Euro Zone	0.5	1.0	1.6	Euro Zone	5.4	2.5	2.1
Asia ex Japan	4.8	4.7	4.7	Asia ex Japan	1.7	2.6	2.5
Canada	1.5	0.7	1.9	Canada	3.7	2.3	2.0
India	7.0	6.1	6.4	India	5.9	5.0	4.9
Latin America	1.3	1.6	2.3	Latin America	23.3	18.2	11.7
Africa	2.7	3.3	4.0	Africa	14.7	9.9	8.5

Source: Bloomberg Contributor Composite Forecasts July 24, 2023

*The International Opportunities Fund is a sub fund of the RF International Investment fund. Performance shown is for Series 1 shares, and the asset allocation is subject to change without notice and at the discretion of the investment manager, subject to the restrictions outlined in the fund's offering documents. Past performance doesn't guarantee future success.*

RF House, East Hill Street | Phone: 603-6000 | info@rfgroup.com  
www.rfgroup.com