



RBC U.S. Mid-Cap Growth Equity Fund

Investment Objective

To provide long-term capital growth through investment primarily in U.S. mid-capitalized equity investments and common stock equivalents.

The investment team conducts bottom-up fundamental research to identify mid-cap companies that have a unique market niche, a broad client base with recurring transactions, a demonstrated history of profitability and returns on equity relative to industry peers, and the ability to deliver 12–20% long-term revenue and earnings growth in a normalized economy, with reasonable valuations. The portfolio typically invests in a diversified portfolio of 75–85 holdings.

Fund Details

Series	Currency	Fund Code
0	CAD	RBF185
0	USD	RBF246

Inception Date	September 2006
Total Fund Assets \$Mil	996.4
Benchmark	Russell Midcap Growth Index (CS)

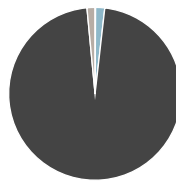
Notes

Performance Analysis is in CAD and for CAD series 0 fund (RBF185).

This is a continuing fund resulting from a merger effective June 27, 2014.

Portfolio Analysis as of April 30, 2019

Asset Mix



	% Assets
Cash	0.1
Fixed Income	0.0
Canadian Equity	1.7
US Equity	96.6
International Equity	1.5
Other	0.0

Top 10 Holdings

	% Assets
Autodesk Inc	2.4
WEX Inc	2.3
Synopsys Inc	2.1
Raymond James Financial Inc	2.0
Woodward Inc	2.0
Tractor Supply Co	2.0
Dollar Tree Inc	1.9
Roper Technologies Inc	1.9
Aspen Technology Inc	1.8
Waste Connections Inc	1.7
Total % of Top 10 Holdings	20.2
Total Number of Stock Holdings	78
Total Number of Bond Holdings	0
Total Number of Other Holdings	1
Total Number of Holdings	79

Equity Style

	Large	Mid	Small
Value Blend Growth	0	3	22
	4	22	46
	0	1	1

Weight %
● > 50
● 25 - 50
● 10 - 25
○ 0 - 10

Equity Statistics

P/B Ratio	4.0
P/E Ratio	24.3
P/FCF	16.0
P/S	2.4
Avg. Mkt Cap. \$B	16.0
Dividend Yield	0.5

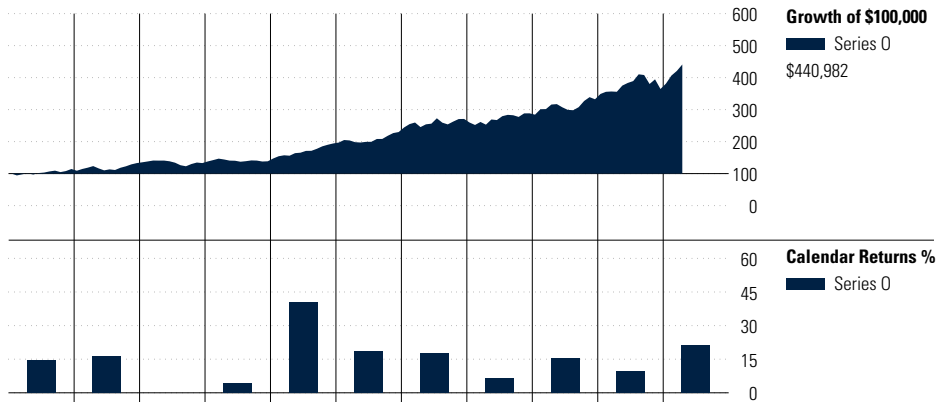
Top 5 Equity Sectors

	% Equity
Information Technology	27.0
Industrials	22.9
Health Care	19.2
Consumer Discretionary	11.6
Financials	8.9
% in Top 5 Equity Sectors	89.7

Risk Measures

	Fund	Benchmark
3 Year Std Dev	12.4	12.6
5 Year Std Dev	12.2	12.8

Performance Analysis as of April 30, 2019



Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	YTD	Fund	Benchmark
Calendar Returns %	14.4	16.2	0.0	4.2	40.3	18.4	17.8	6.5	15.2	9.7	21.0		
Growth of \$100,000	26.4	19.9	0.5	12.9	45.2	22.4	18.9	4.1	17.3	3.4	22.7		

	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
Fund	4.8	15.7	16.1	24.0	20.4	17.3	15.8	10.4	
Benchmark	4.8	14.3	18.6	22.7	19.4	16.8	17.9	—	



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Management Overview

Manager Bios

Kenneth A. Tyszko

RBC Global Asset Management (U.S.) Inc.

Within RBC Global Asset Management (U.S.), Ken is responsible for Small-, SMid- and Mid-Cap Growth research and portfolio management. His industry experience includes portfolio management responsibilities at Oberweis Asset Management, ABN AMRO Asset Management (USA) Inc. and Sears Investment Management Company. Ken holds a Bachelor of Science degree in accountancy from the University of Illinois; he is certified as a CPA and is a CFA charterholder.

Performance Analysis Cont'd as of April 30, 2019

Distributions (\$)/Unit	YTD*	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total Distributions	—	2.16	1.07	0.55	4.23	0.60	0.07	0.16	0.10	0.14	—
Interest	—	0.33	0.11	0.08	0.26	0.10	0.07	0.16	0.10	0.14	—
Dividends	—	—	0.01	0.01	—	—	—	—	—	—	—
Capital Gains	—	1.83	0.96	0.47	3.97	0.50	—	—	—	—	—
Return Of Capital	—	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	12-2013	40.3	7-2015	25.8	11-2017	19.7	4-2019	15.8
Worst	5-2009	-30.4	1-2010	-9.8	5-2012	-1.7	1-2017	6.7
Average		10.2		11.7		12.9		10.6
No. of Periods		140		116		92		32
Pct. Positive		80.7		85.3		82.6		100.0

* Distributions are characterized into income type at year-end.

Quarterly Commentary as at March 31, 2019

After solid GDP and corporate earnings growth in 2017 and 2018, economic momentum has waned and we expect this trend to continue for the remainder of the year. The three primary reasons for our outlook are the uncertainty of how trade negotiations with China will play out, decelerating Chinese and European growth rates, and the potential for a slowing U.S. business cycle. Concerns over an aggressive U.S. Federal Reserve have lessened, but other headwinds remain such as the recent inversion of the yield curve, decelerating corporate profits and profit margins, political bickering in Washington, and a host of geopolitical concerns.

The current economic expansion reached 105 months in March, making it the third longest expansion in U.S. history. By May 2019, it will become the second-longest stretch of economic growth on record. While there is enough data to

support further expansion, our view is that it won't be as brisk of a pace as seen in recent quarters.

Underperformance relative to the benchmark was driven by a combination of stock selection and sector allocation. Sector underweight in Communication Services in addition to security selection in Consumer Discretionary sectors contributed the most to returns. This was offset by stock selection in Financials, sector underweight in Information Technology and sector overweight in Health Care.

The portfolio's largest overweighted sectors versus the Index are Health Care and Industrials, while the largest underweighted sectors are Information Technology and Consumer Discretionary. The portfolio owned 77 stocks as of quarter end.



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Disclosure

RBC Funds, RBC Private Pools, BlueBay Funds, PH&N Funds and RBC Corporate Class Funds are offered by RBC Global Asset Management Inc. and distributed through authorized dealers.

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Management fees and expenses all may be associated with mutual fund investments. Please read the prospectus or Fund Facts document before investing. Except as otherwise noted, the indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that would have reduced returns.

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MER (%) for RBC Funds, RBC Private Pools, PH&N Funds and BlueBay Funds is based on actual expenses for the preceding calendar year or most recent half-year period ended June 30 expressed on an annualized basis, depending on availability of data at the time of publication.

MER (%) for RBC Corporate Class Funds is based on actual expenses for the preceding full year period ended March 31 or half-year period ended September 30 expressed on an annualized basis, depending on availability of

data at the time of publication.

Graphs are only used to illustrate the effects of the compound growth rate and do not reflect future values of any fund or returns on investment of any fund.

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