



# RBC QUBE Low Volatility U.S. Equity Fund

## Investment Objective

To provide long-term capital growth by investing primarily in equity securities of U.S. companies using a quantitative investment approach. The fund seeks to achieve a reduced level of volatility of returns as compared to the broader U.S. equity market.

The investment team uses a quantitative approach to build a portfolio that first minimizes the expected volatility of returns and then seeks to maximize risk-adjusted returns. In building the portfolio, each stock in the U.S. universe is evaluated according to its stability, growth and quality characteristics. The end result is a broadly diversified portfolio with holdings spread across most of the 31 custom sectors in the U.S.

## Fund Details

Series	Currency	Fund Code
0	CAD	RBF288
0	USD	RBF10455

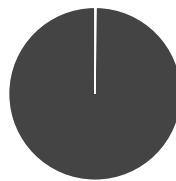
Inception Date	November 2012
Total Fund Assets \$Mil	2,234.0
Benchmark	S&P 1500 Total Return Index (CAD)

## Notes

Performance Analysis is in CAD and for CAD series 0 fund (RBF288).

## Portfolio Analysis as of April 30, 2019

### Asset Mix



	% Assets
Cash	0.2
Fixed Income	0.0
Canadian Equity	0.0
US Equity	99.8
International Equity	0.0
Other	0.0

### Top 10 Holdings

	% Assets
Colgate-Palmolive Co	3.1
Johnson & Johnson	3.0
TJX Companies Inc	3.0
Danaher Corp	2.9
Mastercard Inc A	2.8
PepsiCo Inc	2.7
UnitedHealth Group Inc	2.7
Intuit Inc	2.6
Xcel Energy Inc	2.5
Exelon Corp	2.4
Total % of Top 10 Holdings	27.8
Total Number of Stock Holdings	111
Total Number of Bond Holdings	0
Total Number of Other Holdings	1
<b>Total Number of Holdings</b>	<b>112</b>

### Equity Style

	Value	Blend	Growth
Large	43	18	22
Mid	6	6	3
Small	0	1	0

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

### Equity Statistics

P/B Ratio	2.9
P/E Ratio	18.8
P/FCF	10.2
P/S	2.2
Avg. Mkt Cap. \$B	78.2
Dividend Yield	2.3

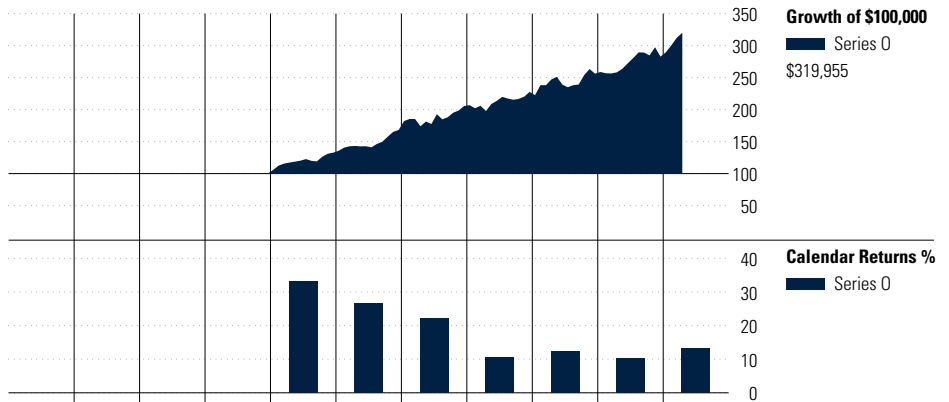
### Top 5 Equity Sectors

	% Equity
Health Care	19.2
Utilities	16.7
Consumer Staples	13.6
Information Technology	13.0
Consumer Discretionary	11.7
% in Top 5 Equity Sectors	74.3

### Risk Measures

	Fund	Benchmark
3 Year Std Dev	9.7	—
5 Year Std Dev	10.9	—

## Performance Analysis as of April 30, 2019



Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	YTD	
Calendar Returns %	—	—	—	—	33.1	26.7	22.3	10.7	12.5	10.4	13.2	Fund
Benchmark	—	—	—	—	42.0	23.7	20.3	9.7	13.4	3.2	—	Benchmark
Trailing Return %	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.				
	2.5	10.5	12.4	23.9	17.4	17.4	—	20.2				
	—	—	—	—	—	—	—	—				



# RBC QUBE Low Volatility U.S. Equity Fund

## Management Overview

### Manager Bios

#### Bill Tilford

##### RBC Global Asset Management Inc.

Bill is Head of Quantitative Investments at RBC Global Asset Management Inc. (RBC GAM). He has been working in the investment industry since 1986. Prior to joining RBC GAM, Bill was VP & Head of Global Corporate Securities (Public Market Investments) at a federal Crown corporation, where he managed one of the world's largest Global market neutral/overlay portfolios. For 12 years, he was a partner at a large Canadian asset manager. He holds an M.Math (Statistics & Finance) and a BA in Math (Hons).

#### Oliver McMahon

##### RBC Global Asset Management

Oliver is Senior Portfolio Manager, specializing in the management of quantitative equity mandates at RBC Global Asset Management (RBC GAM). Prior to joining the firm in 2012, Oliver headed the product management team for the Canadian arm of one of the world's largest investment management firms and before that was a senior member of that same firm's quantitative investments team. Oliver holds a BSc (Hons) from the University of East London and became a CFA charterholder in 2003.

#### Norman So

##### RBC Global Asset Management

Norman is Portfolio Manager on the Quantitative Investments team at RBC Global Asset Management (RBC GAM). Norman's focus is on researching, designing, and managing investment solutions that are rooted in quantitative discipline. Prior to joining the team in 2004, he facilitated the development of quantitative resources for research initiatives within the Quantitative Research Group (QRG) at PH&N IM. Norman became a CFA charterholder in 2007.

### Performance Analysis Cont'd as of April 30, 2019

Distributions (\$)/Unit	YTD*	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total Distributions	—	1.65	1.59	0.94	0.36	0.39	0.19	0.06	—	—	—
Interest	—	0.46	0.48	0.44	0.29	0.23	0.13	0.05	—	—	—
Dividends	—	—	—	—	—	—	—	—	—	—	—
Capital Gains	—	1.19	1.11	0.50	0.07	0.16	0.06	0.01	—	—	—
Return Of Capital	—	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	7-2015	36.8	12-2015	27.3	11-2017	21.4	—	—
Worst	4-2018	4.5	12-2018	11.2	12-2018	16.3	—	—
Average		18.6		17.8		18.1		—
No. of Periods		66		42		18		—
Pct. Positive		100.0		100.0		100.0		—

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

### Quarterly Commentary as at March 31, 2019

All sectors contributed to absolute performance during the quarter. Key contributions came from Information Technology, Utilities and Health Care. Accounting software company Intuit, which resides in the Information Technology sector, was the largest contributor to absolute performance. Intuit's stock price rallied over the quarter on the back of a strong organic revenue increase, particularly from the self-employed segment. MasterCard was another strong performer within the sector.

Xcel Energy was the best performer within the Utilities sector, with other utility names contributing meaningfully to performance as well. These companies have strong track records of earnings and dividend growth, and stable consumer demand.

While the Health Care sector was a significant contributor this quarter, performance within the sector was mixed. Strength came from Danaher and Varian Medical Systems. Danaher reported organic revenue improvements in high growth markets, particularly China and India. Varian Medical Systems, which specializes in radiation

oncology treatments, rose as a result of strong top line growth during the last quarter. Looking ahead, the company is expected to benefit from recent acquisitions to extend its oncology portfolio, as well as its significant international presence.

In contrast, Pfizer and Biogen detracted. Pfizer's share price declined ahead of its quarterly results release amid concerns that key products could face increased generic competition. Biogen shares corrected following the announcement that it was stopping clinical trials related to a new Alzheimer's disease treatment. Weakness also came from Health Care sector holdings Amgen and UnitedHealth Group.

Amdocs, a software and services provider to communications and media companies worldwide, was the largest detractor at the Fund level. The company's share price fell by about 9% in late January following news that certain officers and directors were being investigated for violations of federal securities laws. Given these issues and sector risk considerations, we trimmed our position in the name.



# RBC QUBE Low Volatility U.S. Equity Fund

## 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.

Series O units are available to individuals, institutional clients or dealers who have entered into an agreement directly with RBC GAM. No management fees are payable by the fund in respect of Series O units. Unitholders of Series O units pay a negotiated fee directly or indirectly to RBC GAM.

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.

Mutual fund securities are not guaranteed or covered by the Canada Deposit Insurance Corporation or by any other government deposit insurer. For money market funds, there can be no assurances that the fund will be able to maintain its net asset value per unit at a constant amount or that the full

amount of your investment in the fund will be returned to you. The value of mutual funds change frequently and past performance may not be repeated.

This document has been compiled by RBC Global Asset Management Inc. (RBC GAM) from sources believed to be reliable, but no representations or warranty, express or implied, are made by RBC GAM, its affiliates or any other person as to its accuracy, completeness or correctness. All opinions and estimates constitute RBC GAM's judgment as of the date of this document, are subject to change without notice and are provided in good faith but without legal responsibility. The Top Ten/25 Holdings may change due to ongoing portfolio transactions within the fund. The Prospectus and other information about the underlying investment funds are available at [www.sedar.com](http://www.sedar.com).

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.

The fund profile is provided for informational purposes only. Particular investments and/or trading strategies should be evaluated relative to each individual's investment objectives. The information contained in the fund profile is not, and should not be construed as, investment or tax advice. You should not act or rely on the information contained in the fund profile without seeking the advice of an appropriate professional advisor.

Phillips, Hager & North Investment Management (PH&N IM) is a division of RBC Global Asset Management Inc. (RBC GAM). RBC GAM is the manager of PH&N Funds and the principal portfolio adviser for PH&N Funds. The principal distributor of PH&N Funds is Phillips, Hager & North Investment Funds Ltd. (PH&NIF), which uses the trade name PH&N Investment Services. RBC GAM is an indirect, wholly-owned subsidiaries of Royal Bank of Canada.

® / ™ Trademark(s) of Royal Bank of Canada. Used under licence. © RBC Global Asset Management Inc. 2019