



# RBC U.S. Small-Cap Core Equity Fund

## Investment Objective

To provide long-term capital growth. The Fund invests primarily in equity securities of U.S. small-cap companies in order to provide broad exposure to economic growth opportunities in the equity markets.

The investment team conducts bottom-up fundamental research to identify small-cap companies that have long-term attractive business fundamentals (e.g. proven product/service, leading market share, strong finances, sustainable competitive advantages) and near-term profitability improvement potential (e.g. valuation, signs of improving fundamentals, significant insider ownership). The portfolio typically holds 55–80 positions diversified across most economic sectors of the market.

## Fund Details

Series	Currency	Fund Code
0	CAD	RBF293
0	USD	RBF243

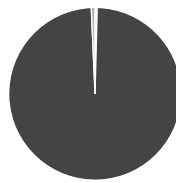
Inception Date	January 2012
Total Fund Assets \$Mil	153.4
Benchmark	Russell 2000 Index (C\$)

## Notes

Performance Analysis is in CAD and for CAD series 0 fund (RBF293).

## Portfolio Analysis as of April 30, 2019

### Asset Mix



	% Assets
Cash	0.4
Fixed Income	0.0
Canadian Equity	0.0
US Equity	98.8
International Equity	0.7
Other	0.0

### Top 10 Holdings

	% Assets
Columbus McKinnon Corp	4.9
Compass Diversified Holdings	4.9
Patrick Industries Inc	4.5
Grand Canyon Education Inc	2.9
Gray Television Inc	2.8
Kennametal Inc	2.8
MKS Instruments Inc	2.7
Ducommun Inc	2.6
Astronics Corp	2.6
ACCO Brands Corp	2.5
Total % of Top 10 Holdings	33.3
Total Number of Stock Holdings	76
Total Number of Bond Holdings	0
Total Number of Other Holdings	1
<b>Total Number of Holdings</b>	<b>77</b>

### Equity Style

	Value	Blend	Growth
Large	0	0	0
Mid	1	9	9
Small	16	49	16

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

### Equity Statistics

P/B Ratio	1.7
P/E Ratio	15.3
P/FCF	8.7
P/S	1.0
Avg. Mkt Cap. \$B	2.1
Dividend Yield	1.5

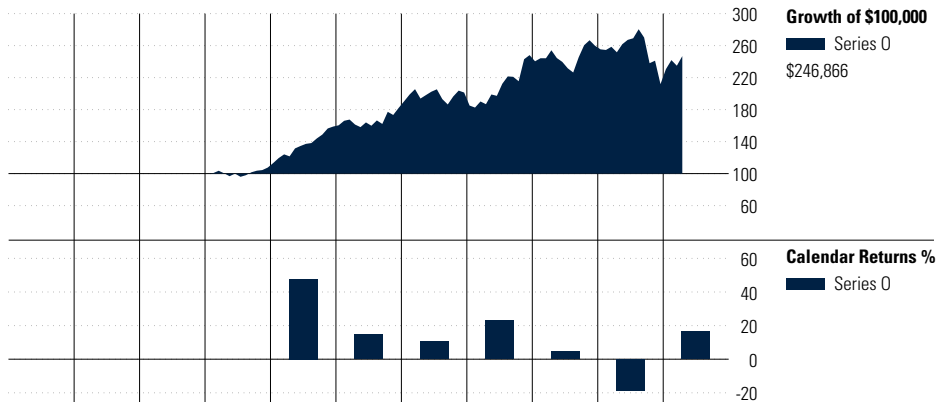
### Top 5 Equity Sectors

	% Equity
Industrials	28.1
Financials	17.5
Consumer Discretionary	17.2
Information Technology	9.6
Health Care	7.5
% in Top 5 Equity Sectors	79.9

### Risk Measures

	Fund	Benchmark
3 Year Std Dev	18.0	15.3
5 Year Std Dev	16.7	15.2

## Performance Analysis as of April 30, 2019



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	YTD	
—	—	—	—	—	47.7	14.7	10.5	23.2	4.7	-18.5	16.6	Fund
—	—	—	—	—	48.5	14.7	13.8	17.7	7.3	-3.4	16.3	Benchmark

	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
—	5.1	7.1	3.7	-1.9	9.7	8.9	—	13.2	Fund
—	3.7	8.6	7.9	9.2	16.1	13.1	—	—	Benchmark



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## Management Overview

### Manager Bios

#### Lance F. James

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

Lance F. James is Managing Director and Senior Portfolio Manager. He has been in the investment industry since 1980.

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

Distributions (\$)/Unit	YTD*	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total Distributions	—	1.19	0.69	0.15	0.19	0.42	0.20	0.47	—	—	—
Interest	—	0.30	0.16	0.15	0.19	0.15	0.09	0.12	—	—	—
Dividends	—	—	—	—	—	—	—	—	—	—	—
Capital Gains	—	0.89	0.54	—	—	0.27	0.11	0.35	—	—	—
Return Of Capital	—	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	11-2013	49.8	7-2015	28.9	11-2017	20.6	—	—
Worst	12-2018	-18.5	12-2018	1.7	12-2018	5.9	—	—
Average		16.3		15.6		15.7		—
No. of Periods		76		52		28		—
Pct. Positive		82.9		100.0		100.0		—

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

### Quarterly Commentary as at March 31, 2019

Following one of the worst Decembers on record to conclude a dismal 2018, the January effect was in full swing as markets snapped back to start the year. Despite a fair amount of volatility, equity markets remained strong throughout the quarter. While a bounce-back rally on the back of the capitulation of December was not entirely unexpected, the primary drivers of the markets' optimism were increased expectations of a U.S.-China trade agreement, a far more accommodative U.S. Federal Reserve (Fed), and some investors beginning to come off the sidelines on fear of missing out on another market rally. Despite these strong results, the market still needed to shrug off a litany of challenges including ongoing concerns about the sustainability of global economic growth, mixed U.S. economic data, and significant geopolitical uncertainty.

The Fund underperformed its benchmark for the quarter as adverse stock selection and sector allocation decisions weighed on returns. Adverse stock selection was concentrated within the Health Care and Consumer Discretionary sectors

and more than offset favorable stock selection within the Communication Services and Financials sectors. The Fund's modest underweight to the relatively strong performing Information Technology sector weighed on returns from a sector allocation standpoint.

The Small Cap Core Equity strategy focuses on neglected small cap companies with attractive long-term fundamentals, near-term profitability improvement potential, and low relative valuations. The strategy emphasizes market leaders with proven products or services, sustainable competitive advantages, solid balance sheets, and attractive cash flows. While sector weightings are a result of bottom-up research and stock selection, the strategy remains positioned for economic recovery. Downside protection is sought via the superior return on equity and balance sheet profile of the portfolio compared to the index and the market leadership positions of most portfolio companies.



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## Disclosure

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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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