



# RBC O'Shaughnessy U.S. Growth Fund II

## Investment Objective

To provide long-term capital growth by investing primarily in equity securities of U.S. companies based on Strategy Indexing®, a rigorous and disciplined approach to stock selection based on characteristics associated with above-average returns over long periods of time.

## Fund Details

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	RBF306
Adv	Front End	CAD	RBF782
Adv	Low Load	CAD	RBF204

Inception Date	January 2008
Total Fund Assets \$Mil	38.5
Series A NAV \$	10.74
Series A MER %	2.21
Benchmark	Russell 2500 Growth Index (US\$)

Income Distribution	Annually
Capital Gains Distribution	Annually

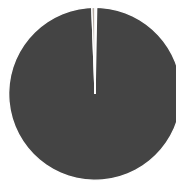
Sales Status	Open
Min. Investment \$	500
Subsequent Investment \$	25

Fund Category	US Small/Mid Cap Equity
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Management Company	RBC Global Asset Management Inc.
Web Site	www.rbcgam.com

## Portfolio Analysis as of May 31, 2018

### Asset Mix

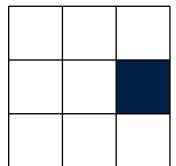


	% Assets
Cash	0.3
Fixed Income	0.0
Canadian Equity	0.0
US Equity	99.2
International Equity	0.6
Other	0.0

### Top 10 Holdings

	% Assets
Medifast Inc	2.3
Chemed Corp	1.9
Cadence Design Systems Inc	1.9
Blucora Inc	1.9
Broadridge Financial Solutions Inc	1.8
Progress Software Corp	1.8
Haemonetics Corp	1.8
Westlake Chemical Corp	1.7
VMware Inc	1.7
New York Times Co Class A	1.5
Total % of Top 10 Holdings	18.3
Total Number of Stock Holdings	177
Total Number of Bond Holdings	0
Total Number of Other Holdings	1
<b>Total Number of Holdings</b>	<b>178</b>

### Equity Style



Value Blend Growth

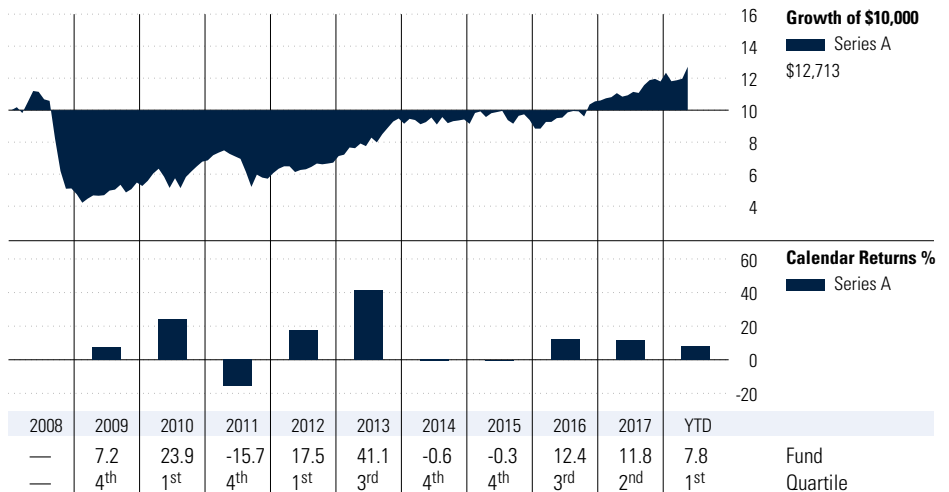
### Equity Statistics

P/B Ratio	3.8
P/E Ratio	18.7
Avg. Mkt Cap. \$B	5.3

### Global Equity Sectors

	% Equity
Information Technology	25.5
Consumer Discretionary	19.0
Health Care	17.1
Industrials	16.7
Financials	6.4
Materials	6.1
Consumer Staples	3.7
Energy	3.6
Real Estate	1.1
Telecommunication Services	0.7
Utilities	0.0
Unclassified	0.0

## Performance Analysis as of May 31, 2018



1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
6.2	7.7	6.3	17.2	9.0	9.9	1.3	2.0	Fund
1 <sup>st</sup>	1 <sup>st</sup>	1 <sup>st</sup>	1 <sup>st</sup>	2 <sup>nd</sup>	4 <sup>th</sup>	4 <sup>th</sup>	—	Quartile
294	294	293	265	184	123	64	—	No. of Funds in Category



# RBC O'Shaughnessy U.S. Growth Fund II

## Management Overview

### Manager Bios

#### Jim P. O'Shaughnessy

##### O'Shaughnessy Asset Management

Jim O'Shaughnessy is the Chairman of O'Shaughnessy Asset Management (OSAM). Also serving as the Chief Investment Officer of the firm, Jim is ultimately responsible for OSAM's investment strategies. He directs the Senior Portfolio Manager, Director of Research, and the Portfolio Management Team and helps to set the agenda for the team. He is also responsible for the development of OSAM's existing strategies and directs the team on idea generation and specific initiatives to improve the models and develop new factors and products.

#### Patrick O'Shaughnessy

##### O'Shaughnessy Asset Management

Patrick O'Shaughnessy is the Chief Executive Officer at O'Shaughnessy Asset Management (OSAM). Patrick oversees the day-to-day business of the firm, directing OSAM's initiatives in the areas of research and portfolio management, investor education and client service and relationships. He also serves as a Portfolio Manager. Prior to his role as CEO, Patrick spent 11 years on OSAM's Research & Portfolio Management team, working to improve the firm's investment strategies.

### Performance Analysis Cont'd as of May 31, 2018

Distributions (\$)/Unit	YTD*	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Distributions	—	1.36	—	0.09	—	—	—	—	—	—	—
Interest	—	—	—	—	—	—	—	—	—	—	—
Dividends	—	—	—	—	—	—	—	—	—	—	—
Capital Gains	—	1.36	—	0.09	—	—	—	—	—	—	—
Return Of Capital	—	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	12-2013	41.1	9-2014	20.9	2-2014	17.5	1-2018	2.1
Worst	2-2009	-58.6	8-2011	-16.6	6-2013	-7.0	5-2018	1.3
Average		6.3		8.0		9.4		1.6
No. of Periods		113		89		65		5
Pct. Positive		69.0		88.8		87.7		100.0

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

### Quarterly Commentary as at March 31, 2018

During the quarter, a large overweight exposure to Momentum was the largest contributor to returns while an overweight allocation to the Value factor and an underweight allocation to the Size factor detracted from performance. The Fund's strategy screens out the most poorly ranked names through Earnings Quality, Financial Strength, and Earnings Growth. The performance of these quality themes was marginally positive in aggregate for the quarter.

Overall allocation effects contributed to returns while security-selection effects detracted in the first quarter. Within security selection, holdings in Information Technology (IT), Industrials and Financials detracted from performance while Real Estate and Materials were positive contributors. An underweight allocation to Real Estate and an overweight allocation to IT also contributed to returns while an overweight allocation to Consumer Discretionary detracted.

Above all else, we believe that long-term success comes from building a portfolio around proven stock selection factors, measured using key selection criteria such as quality, valuation and momentum. Based on these key themes, the strategy is very well positioned versus its benchmark and relative to the overall market. The portfolio's companies have higher momentum as well as lower debt ratios, and trade at deep discounts across a number of valuation factors. They are also less dilutive, returning capital to shareholders by buying back shares instead of diluting shareholders like the average company in the Index.

These combined advantages can only be delivered by a portfolio which is distinct from the benchmark. Our active share of 85% means that the portfolio continues to represent a unique take on its opportunity set versus the benchmark.



## RBC O'Shaughnessy U.S. Growth Fund II

### Disclosure

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

Commissions, trailing commissions, 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 funds are not guaranteed or covered by the Canadian 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.

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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, PH&N Funds and BlueBay Funds is based on actual expenses for the full year period, January 1 to December 31, 2017, expressed on an annualized basis.

MER (%) for RBC Corporate Class Funds is based on actual expenses for the half-year period, April 1, to September 30, 2017, expressed on an annualized basis.

Series H and Series I are not available for purchase by new investors. Existing investors who hold Series H or Series I units can continue to make additional investments into the same series of the funds they hold.

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.

Quartile rankings are determined by Morningstar Research Inc., an independent research firm, based on categories maintained by the Canadian Investment Funds Standards Committee (CIFSC). Quartile rankings are comparisons of the performance of a fund to other funds in a particular category and are subject to change monthly. The quartiles divide the data into four equal segments expressed in terms of rank (1, 2, 3 or 4). This is the Morningstar quartile ranking of Series A and F units of the Fund as of May 31, 2018.

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