



# 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	37.6
Series A NAV \$	10.62
Series A MER %	2.20
Benchmark	Russell 2500 Growth Index (US\$)

Income Distribution	Annually
Capital Gains Distribution	Annually

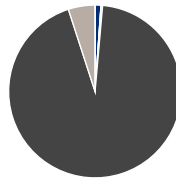
Sales Status	Open
Min. Investment \$	500
Subsequent Investment \$	25

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 August 31, 2017

### Asset Mix



	% Assets
Cash	1.1
Fixed Income	0.0
Canadian Equity	0.3
US Equity	93.6
International Equity	5.0
Other	0.0

### Top 10 Holdings

	% Assets
Advanced Energy Industries Inc	2.0
Masimo Corp	1.8
Thor Industries Inc	1.5
IDEXX Laboratories Inc	1.4
Chase Corp	1.4
Blucora Inc	1.3
Varian Medical Systems Inc	1.3
Sanderson Farms Inc	1.3
Phibro Animal Health Corp Class A	1.3
The Cooper Companies Inc	1.2
Total % of Top 10 Holdings	14.4
Total Number of Stock Holdings	186
Total Number of Bond Holdings	0
Total Number of Other Holdings	1
<b>Total Number of Holdings</b>	<b>187</b>

### Equity Style



Value Blend Growth

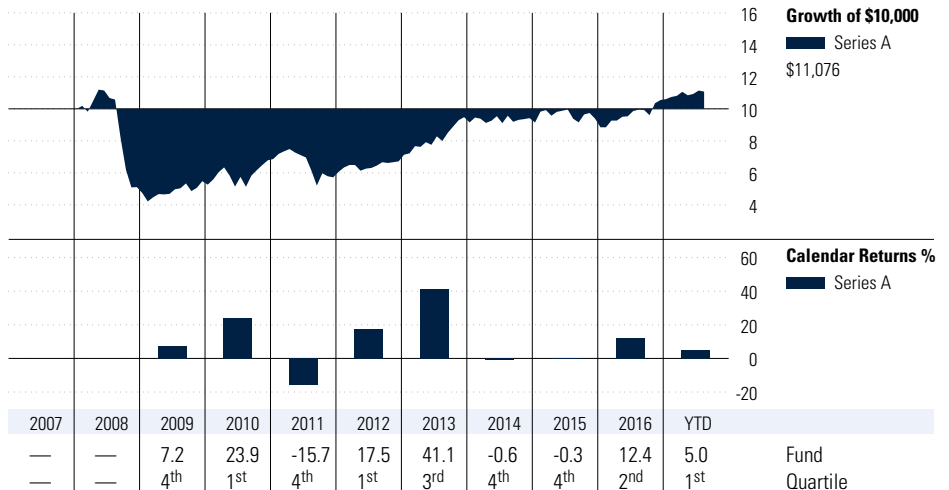
### Equity Statistics

P/B Ratio	3.0
P/E Ratio	20.7
Avg. Mkt Cap. \$B	2.9

### Global Equity Sectors

	% Equity
Information Technology	28.0
Consumer Discretionary	18.3
Health Care	14.5
Financials	14.4
Industrials	14.3
Materials	4.5
Consumer Staples	2.4
Energy	1.7
Real Estate	1.7
Telecommunication Services	0.2
Unclassified	0.0
Utilities	0.0

## Performance Analysis as of August 31, 2017



	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
	-0.6	2.1	3.1	11.4	5.0	11.4	—	0.7	Fund
	2 <sup>nd</sup>	1 <sup>st</sup>	1 <sup>st</sup>	2 <sup>nd</sup>	4 <sup>th</sup>	4 <sup>th</sup>	—	—	Quartile
	270	266	259	250	153	104	50	—	No. of Funds in Category



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

## Management Overview

### Manager Bios

#### James P. O'Shaughnessy

#### O'Shaughnessy Asset Management

Jim O'Shaughnessy is the Chairman and CEO 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.

### Performance Analysis Cont'd as of August 31, 2017

Distributions (\$)/Unit	YTD*	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Distributions	—	—	0.09	—	—	—	—	—	—	—	—
Interest	—	—	—	—	—	—	—	—	—	—	—
Dividends	—	—	—	—	—	—	—	—	—	—	—
Capital Gains	—	—	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	—	—
Worst	2-2009	-58.6	8-2011	-16.6	6-2013	-7.0	—	—
Average		5.7		8.0		9.1		—
No. of Periods		104		80		56		—
Pct. Positive		66.3		87.5		85.7		—

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

### Quarterly Commentary as at June 30, 2017

During Q2, an overweight exposure to Momentum, the primary stock selection factor, added 0.14% to returns. An overweight to Value negatively impacted performance by -1.70%. An overweight to smaller stocks was the largest contributor for Q2, contributing 0.43% to performance.

Expensive Momentum names within Biotechnology have outperformed the market by large margins. Low Volatility names, which historically outperform the overall market, lagged the benchmark for this period. Names with strong balance sheets and least aggressive accounting have also underperformed. These conditions have created headwinds for the strategy to start out the year.

Overall allocation effects and security selection effects detracted from returns for Q2. Underweight allocations to Health Care and Energy detracted from returns while an underweight allocation to Consumer Discretionary aided returns. Security selection within Energy and Consumer Staples

contributed to performance while security selection within Information Technology and Financials detracted from performance.

It is the policy of the Fund to maintain currency hedges at all times in order to neutralize exchange-rate movements between the U.S. dollar and the Canadian dollar. This policy had a positive effect on returns during the period.

We believe long term success comes from building a portfolio around proven stock selection factors. Based on these key themes, the Fund is very well positioned versus its benchmark and relative to the overall market. The Fund's companies have higher momentum, lower debt ratios, and trade at deep discounts across a number of valuation factors. They are also returning capital to shareholders by buying back shares instead of diluting shareholders like the average company in the index.



## 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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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 half-year period, January 1 to June 30, 2017, expressed on an annualized basis.

MER (%) for RBC Corporate Class Funds is based on actual expenses for the full-year period, April 1, 2016 to March 31, 2017, expressed on an annualized basis.

Adjusted MER is provided for funds with management fee changes effective June 30, 2016. The Adjusted MER represents what the reported MER would have been had management fee changes been in effect throughout 2016.

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 August 31, 2017.

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