



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

## Investment Objective

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

## Fund Details

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	RBF435
Adv	Front End	CAD	RBF6435
Adv	Low Load	CAD	RBF4435

Inception Date	September 2015
Total Fund Assets \$Mil	69.8
Series A NAV \$	13.15
Series A MER %	2.04
Benchmark	Russell 2000 Value Index (CDN\$)

Income Distribution	Annually
Capital Gains Distribution	Annually

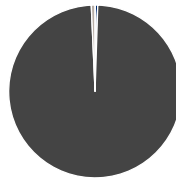
Sales Status	Open
Min. Investment \$	500
Subsequent Investment \$	25

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 January 31, 2018

### Asset Mix

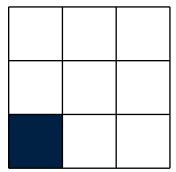


	% Assets
Cash	0.5
Fixed Income	0.0
Canadian Equity	0.0
US Equity	98.7
International Equity	0.7
Other	0.0

### Top 10 Holdings

	% Assets
Compass Diversified Holdings	2.4
Chemical Financial Corp	2.2
Synovus Financial Corp	2.1
Novanta Inc	2.0
Omnova Solutions Inc	2.0
Columbus McKinnon Corp	1.9
Texas Capital Bancshares Inc	1.9
Portland General Electric Co	1.9
Spire Inc	1.8
Casella Waste Systems Inc Class A	1.8
Total % of Top 10 Holdings	20.0
Total Number of Stock Holdings	87
Total Number of Bond Holdings	0
Total Number of Other Holdings	1
<b>Total Number of Holdings</b>	<b>88</b>

### Equity Style



Value Blend Growth

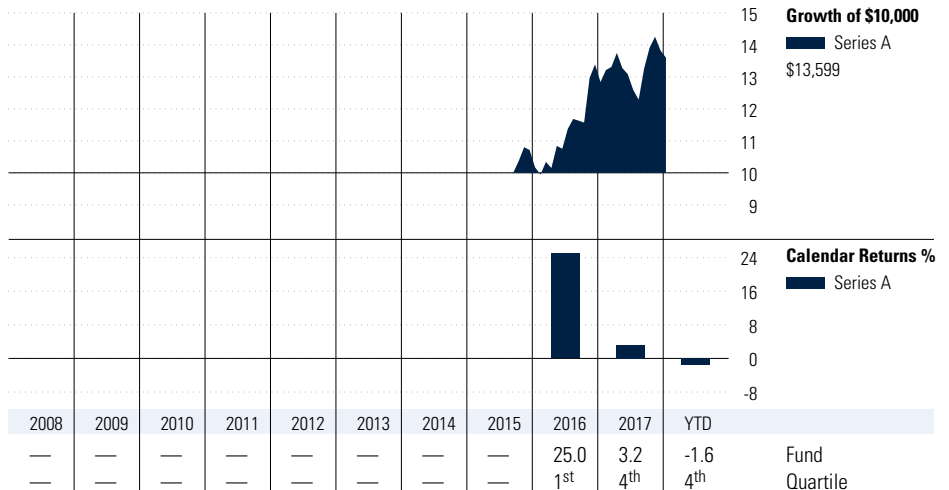
### Equity Statistics

P/B Ratio	1.8
P/E Ratio	17.3
Avg. Mkt Cap. \$B	2.2

### Global Equity Sectors

	% Equity
Financials	27.8
Industrials	19.4
Consumer Discretionary	12.1
Information Technology	8.9
Real Estate	8.7
Materials	6.6
Energy	5.4
Health Care	4.9
Utilities	4.8
Consumer Staples	1.4
Unclassified	0.0
Telecommunication Services	0.0

## Performance Analysis as of January 31, 2018



	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
	-1.6	-2.2	8.0	5.9	—	—	—	13.0	Fund
	4 <sup>th</sup>	4 <sup>th</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	—	—	—	—	Quartile
	291	271	265	254	178	99	57	—	No. of Funds in Category



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

## 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 January 31, 2018

Distributions (\$)/Unit	YTD*	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Distributions	—	—	0.10	0.09	—	—	—	—	—	—	—
Interest	—	—	—	—	—	—	—	—	—	—	—
Dividends	—	—	—	—	—	—	—	—	—	—	—
Capital Gains	—	—	0.10	0.09	—	—	—	—	—	—	—
Return Of Capital	—	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	4-2017	35.4	—	—	—	—	—	—
Worst	12-2017	3.2	—	—	—	—	—	—
Average		18.2		—		—		—
No. of Periods		17		—		—		—
Pct. Positive		100.0		—		—		—

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

### Quarterly Commentary as at December 31, 2017

The major story of the fourth quarter 2017 was the passage of the Tax Reform Bill – the largest overhaul of the U.S. tax system in more than 30 years, and the Republican Party’s first major legislative win under President Trump. The ~\$1.5T plan, which goes into effect in 2018, will cut the corporate tax rate from 35% to 21%. While the late quarter passage of the bill ultimately limited its impact on market returns in the 4th quarter, the anticipation and subsequent passage of this bill along with continued strong economic data helped infuse the markets with optimism heading into year-end.

The Fund’s outperformance was primarily due to favorable stock selection, while sector allocation decisions had a modestly favorable impact on returns. Stock selection within the Financials, Information Technology, and Health Care sectors contributed the most to returns, and more than

offset adverse stock selection within the Consumer Discretionary sector. The Fund’s significant overweight to the relatively strong industrials sector also boosted returns.

The Fund 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 provided by the superior return on equity and balance sheet profile of the Fund compared to the index and the market leadership positions of most portfolio companies.



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## 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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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 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 January 31, 2018.

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