



# 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	71.8
Series A NAV \$	13.45
Series A MER %	2.04
Benchmark	Russell 2000 Value Index (CDN\$)

Income Distribution	Annually
Capital Gains Distribution	Annually

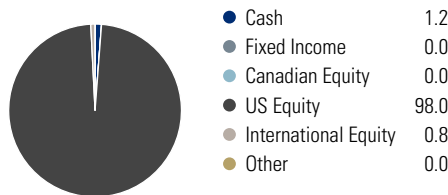
Sales Status	Open
Min. Investment \$	500
Subsequent Investment \$	25

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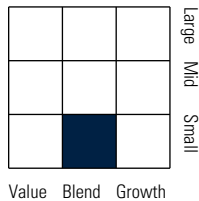
Management Company	RBC Global Asset Management Inc.
Web Site	www.rbcgam.com

## Portfolio Analysis as of October 31, 2017

### Asset Mix



### Equity Style



### Global Equity Sectors

Sector	% Equity
Financials	27.5
Industrials	19.3
Consumer Discretionary	12.3
Real Estate	9.5
Information Technology	8.9
Materials	6.1
Utilities	5.8
Energy	4.7
Health Care	4.6
Consumer Staples	1.2
Unclassified	0.0
Telecommunication Services	0.0

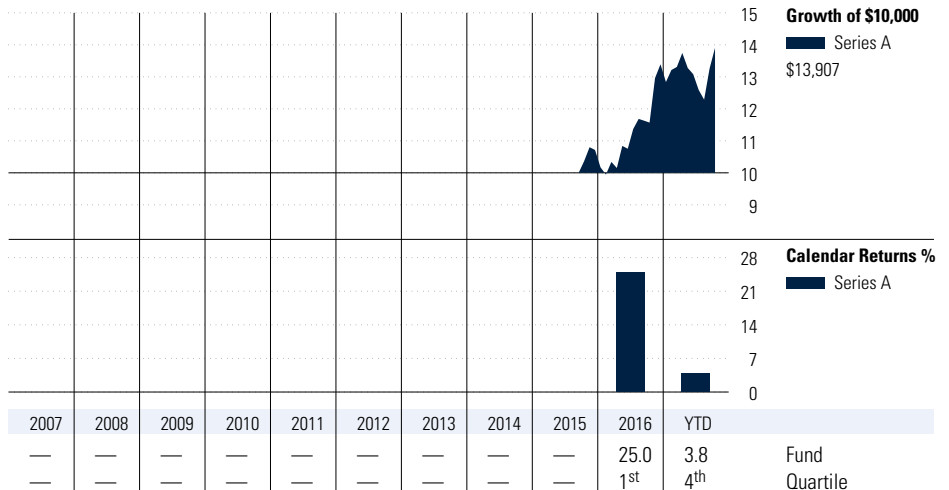
### Top 10 Holdings

Company	% Assets
Spire Inc	2.5
Compass Diversified Holdings	2.2
Chemical Financial Corp	2.2
Synovus Financial Corp	2.1
Portland General Electric Co	2.1
Novanta Inc	2.0
Omnova Solutions Inc	2.0
Texas Capital Bancshares Inc	2.0
Columbus McKinnon Corp	1.8
Pacific Premier Bancorp Inc	1.8
Total % of Top 10 Holdings	20.7
Total Number of Stock Holdings	85
Total Number of Bond Holdings	0
Total Number of Other Holdings	1
<b>Total Number of Holdings</b>	<b>86</b>

### Equity Statistics

P/B Ratio	2.0
P/E Ratio	20.2
Avg. Mkt Cap. \$B	2.2

## Performance Analysis as of October 31, 2017



1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
4.9	10.4	1.2	20.2	—	—	—	15.9	Fund
273	270	266	254	154	104	54	—	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.

#### Stephen E. Kylander

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

Stephen E. Kylander is Vice President and Senior Portfolio Manager. He has been in the investment industry since 1986.

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

Distributions (\$)/Unit	YTD*	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
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	8-2017	5.1	—	—	—	—	—	—
Average		20.7		—		—		—
No. of Periods		14		—		—		—
Pct. Positive		100.0		—		—		—

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

### Quarterly Commentary as at September 30, 2017

The U.S. economic growth acceleration that began in the middle of last year has largely continued into Q3. Major equity indices hit record highs in Q3, shrugging off escalating geo-political tensions between the U.S. and North Korea as well as two consecutive category 4 hurricanes that ravaged the south. However, the preference for “risk off” sectors of the market has been an important theme this year and continued for the most part in Q3 as Washington’s continued lack of clarity or action on any major pro-growth fiscal policies promised by the Trump administration has weighed on the more economically sensitive areas of the market.

The Fund’s outperformance was driven by both favorable stock selection and sector allocation decisions. Strong stock selection within the Information Technology, Materials, and Industrials sectors added the most to returns, and more than offset adverse stock selection within the Health Care and Consumer Staples sectors. Overall sector

allocation decisions had a positive effect as the benefit of being significantly overweight to the relatively strong performing industrials sector 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 with overweight positions in the economically sensitive industrials, materials, and consumer discretionary sectors. Downside protection is sought through a 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

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 October 31, 2017.

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