



# RBC Canadian Small & Mid-Cap Resources Fund

## Investment Objective

The fund invests primarily in small- and mid-cap equity securities of companies listed on an exchange in Canada within the Energy and Materials sector. The fund may invest no more than 10% of its assets in foreign securities.

## Fund Details

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	RBF527

Inception Date	February 2015
Total Fund Assets \$Mil	303.7
Series A NAV \$	7.69
Series A MER %	2.02
Benchmark	S&P/TSX SmallCap Index (CAD)

Income Distribution	Annually
Capital Gains Distribution	Annually

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

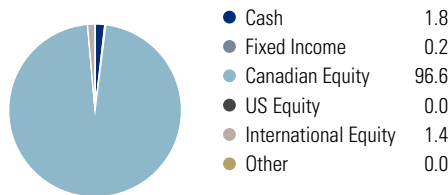
Fund Category	Natural Resources Equity
---------------	--------------------------

Management Company	RBC Global Asset Management Inc.
--------------------	----------------------------------

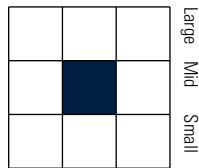
Web Site	www.rbcgam.com
----------	----------------

## Portfolio Analysis as of January 31, 2018

### Asset Mix



### Equity Style



Value Blend Growth

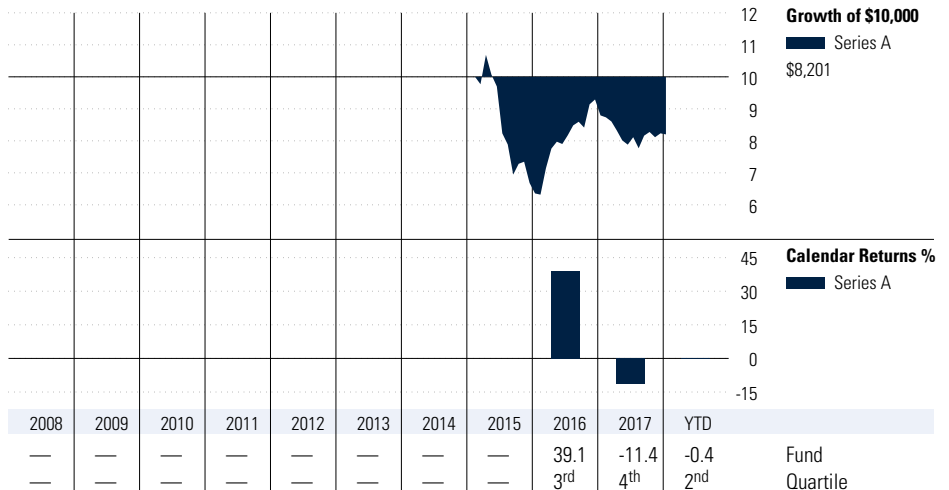
### Global Equity Sectors

Sector	% Equity
Energy	59.0
Materials	41.0
Industrials	0.0
Consumer Discretionary	0.0
Consumer Staples	0.0
Health Care	0.0
Financials	0.0
Information Technology	0.0
Telecommunication Services	0.0
Utilities	0.0
Real Estate	0.0
Unclassified	0.0

### Top 10 Holdings

Company	% Assets
Vermilion Energy Inc	6.0
Lundin Mining Corp	5.7
Enerplus Corp	5.5
Methanex Corp	5.4
Parex Resources Inc	5.2
West Fraser Timber Co.Ltd	5.0
Whitecap Resources Inc	4.7
Seven Generations Energy Ltd	4.1
PrairieSky Royalty Ltd	4.0
Tourmaline Oil Corp	3.7
Total % of Top 10 Holdings	49.3
Total Number of Stock Holdings	39
Total Number of Bond Holdings	1
Total Number of Other Holdings	2
<b>Total Number of Holdings</b>	<b>42</b>

## 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 %
-0.4	-0.9	1.1	-6.7	—	—	—	-8.2	Fund
2 <sup>nd</sup>	4 <sup>th</sup>	4 <sup>th</sup>	3 <sup>rd</sup>	—	—	—	—	Quartile
136	135	135	133	102	86	55	—	No. of Funds in Category



# RBC Canadian Small & Mid-Cap Resources Fund

## Management Overview

### Manager Bios

#### Chris Beer

##### RBC Global Asset Management Inc.

Chris Beer is Vice President and Senior Portfolio Manager, Canadian and Global Equities. He has been in the investment industry since 1993.

#### Brahm Spilfogel

##### RBC Global Asset Management Inc.

Brahm Spilfogel is Vice President and Senior Portfolio Manager, Global Equities. He has been in the investment industry since 1991.

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

Distributions (\$)/Unit	YTD*	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Distributions	—	—	—	0.07	—	—	—	—	—	—	—
Interest	—	—	—	0.00	—	—	—	—	—	—	—
Dividends	—	—	—	0.06	—	—	—	—	—	—	—
Capital Gains	—	—	—	—	—	—	—	—	—	—	—
Return Of Capital	—	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	12-2016	39.1	—	—	—	—	—	—
Worst	2-2016	-36.8	—	—	—	—	—	—
Average		1.6		—		—		—
No. of Periods		24		—		—		—
Pct. Positive		41.7		—		—		—

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

### Quarterly Commentary as at December 31, 2017

The Energy sector delivered robust returns in Q4. The oil price reclaimed the psychologically important US\$50 per barrel mark and even surpassed US\$60 to close 2017 at a multi-year high. Natural gas prices remained within a trading range around US\$3.00 per million Btu, but received a boost from widespread, colder-than-normal temperatures in December. Recently, there have been positive signs that global excess crude inventories are beginning to rebalance, although inventories still remain above normalized levels.

The Materials sector delivered strong results in Q4. Robust moves in the underlying commodities like Lumber which was up 11.3% and Zinc which was up 5% due to strong fundamental demand, supply disruptions and a weaker U.S. currency. Electric Vehicle themed commodities such as Graphite also strengthened on the back of solid demand also helped the fund this quarter.

The Fund's relative performance versus the benchmark was positively impacted by exposure to high-quality exploration and production companies which rallied strongly on crude oil's gains.

Overweight positions in Yangarra Resources and Parex Resources were amongst the largest contributors to performance. Underweights in Advantage Oil and Peyto Exploration also contributed to performance. Overweights in Trevali Mining and Mason Graphite along with lumber names such as West Fraser and Interfor helped the Fund outperform.

The portfolio manager believes that OPEC's November extension limiting production until the end of 2018 should help to accelerate inventory rebalancing. It is now anticipated that global inventories should gradually return to normalized levels in the second half of 2018, even with incremental growth from U.S. on-shore basins. Assuming global inventories continue to decline, the portfolio manager sees the potential for gains in oil prices and energy-equity prices during 2018. The portfolio manager's approach remains to invest in companies with high-quality assets, strong management and the ability to finance growth projects.



# RBC Canadian Small & Mid-Cap Resources Fund

## 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.

This document has been compiled by RBC Global Asset Management Inc. (RBC GAM) from sources believed to be reliable, but no representations or warranty, express or

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 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.

® / ™ Trademark(s) of Royal Bank of Canada. Used under licence. © RBC Global Asset Management Inc. 2018