



# RBC O'Shaughnessy Canadian Equity Fund

## Investment Objective

To provide a long-term total return by investing primarily in equity securities of Canadian and 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      | RBF550    |
| Adv    | Front End      | CAD      | RBF775    |
| Adv    | Low Load       | CAD      | RBF128    |

|                         |   |
|-------------------------|---|
| Inception Date          | November 1997                               |
| Total Fund Assets \$Mil | 698.9                                       |
| Series A NAV \$         | 20.43                                       |
| Series A MER %          | 1.54  |
| Benchmark               | S&P/TSX Capped Composite Total Return Index |

|                            |          |
|----------------------------|----------|
| Income Distribution        | Annually |
| Capital Gains Distribution | Annually |

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

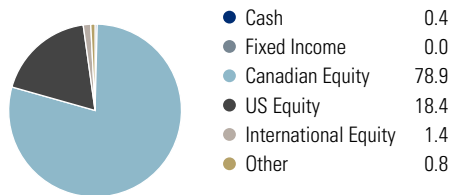
|               |                         |
|---------------|-------------------------|
| Fund Category | Canadian Focused Equity |
|---------------|-------------------------|

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

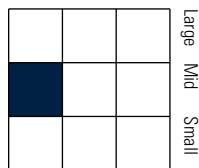
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| Web Site | www.rbcgam.com |
|----------|----------------|

## Portfolio Analysis as of May 31, 2017

### Asset Mix



### Equity Style



Value Blend Growth

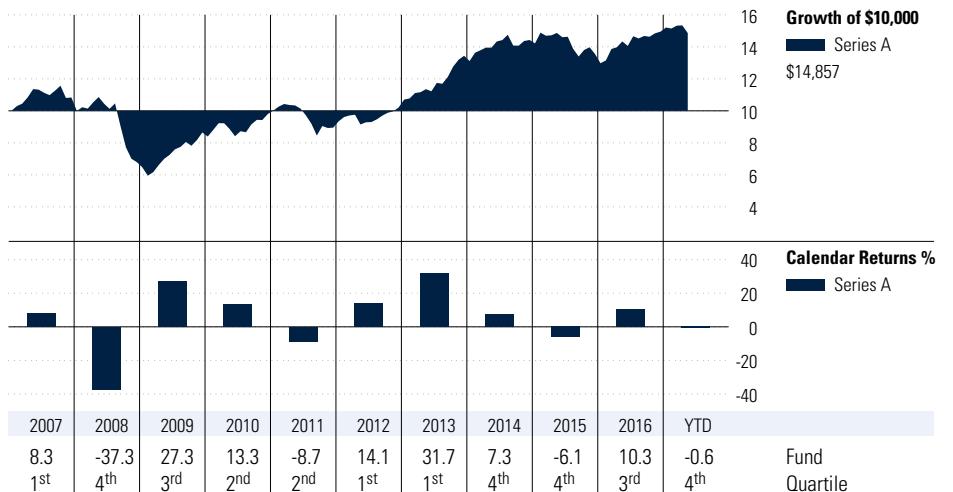
### Equity Statistics

|                   |      |
|-------------------|------|
| P/B Ratio         | 1.8  |
| P/E Ratio         | 13.9 |
| Avg. Mkt Cap. \$B | 7.5  |

### Global Equity Sectors

| Sector                     | % Equity |
|----------------------------|----------|
| Financials                 | 35.9     |
| Materials                  | 12.7     |
| Consumer Staples           | 10.5     |
| Consumer Discretionary     | 10.4     |
| Industrials                | 9.7      |
| Energy                     | 6.5      |
| Information Technology     | 5.8      |
| Health Care                | 3.7      |
| Real Estate                | 2.3      |
| Utilities                  | 2.3      |
| Telecommunication Services | 0.2      |
| Unclassified               | 0.0      |

## Performance Analysis as of May 31, 2017



| 1 Mth           | 3 Mth           | 6 Mth           | 1 Yr            | 3 Yr            | 5 Yr            | 10 Yr           | Since Incep. | Trailing Return %        |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------------|--------------------------|
| -3.1            | -1.9            | 0.1             | 3.6             | 2.1             | 10.2            | 2.7             | 7.6          | Fund                     |
| 4 <sup>th</sup> | 4 <sup>th</sup> | 4 <sup>th</sup> | 4 <sup>th</sup> | 4 <sup>th</sup> | 3 <sup>rd</sup> | 3 <sup>rd</sup> | —            | Quartile                 |
| 732             | 725             | 721             | 679             | 530             | 360             | 183             | —            | No. of Funds in Category |



# RBC O'Shaughnessy Canadian Equity Fund

## 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 May 31, 2017

| Distributions (\$)/Unit | YTD* | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|-------------------------|------|------|------|------|------|------|------|------|------|------|------|
| Total Distributions     | —    | 0.24 | 0.14 | 0.11 | 0.16 | 0.21 | 0.09 | 0.14 | 0.30 | 0.43 | 3.26 |
| Interest                | —    | —    | —    | —    | —    | —    | —    | —    | 0.01 | 0.18 | —    |
| Dividends               | —    | 0.24 | 0.14 | 0.11 | 0.16 | 0.21 | 0.09 | 0.14 | 0.28 | 0.25 | 0.31 |
| Capital Gains           | —    | —    | —    | —    | —    | —    | —    | —    | —    | —    | 2.95 |
| Return Of Capital       | —    | —    | —    | —    | —    | —    | —    | —    | —    | —    | —    |

| Best/Worst Periods % | Ended  | 1 Yr  | Ended  | 3 Yr  | Ended   | 5 Yr | Ended  | 10 Yr |
|----------------------|--------|-------|--------|-------|---------|------|--------|-------|
| Best                 | 3-2010 | 49.8  | 3-2006 | 26.9  | 10-2007 | 18.9 | 8-2008 | 13.4  |
| Worst                | 2-2009 | -41.8 | 2-2009 | -13.8 | 5-2012  | -4.2 | 5-2017 | 2.7   |
| Average              |        | 9.3   |        | 9.4   |         | 9.0  |        | 7.1   |
| No. of Periods       |        | 223   |        | 199   |         | 175  |        | 115   |
| Pct. Positive        |        | 72.6  |        | 83.4  |         | 88.6 |        | 100.0 |

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

### Quarterly Commentary as at March 31, 2017

The three most common exposures in our portfolio are large positive exposures to the Value and Momentum factors, and a negative exposure to the Size factor.

The Momentum factor has thus far bounced back, following a very bad 2016 when Momentum underperformed by 17.6%. Most of the strong performance of the Momentum factor resulted from the fact that it kept you OUT of Energy sector. The sector was by far the worst performer across the Canadian market in Q1. The Momentum factor is useful in two ways: finding trends which tend to persist (to the portfolio's benefit) and avoiding stocks or entire sectors with very poor recent trends. This second "negative" aspect of Momentum was more important during Q1.

Using the Value factor also steered the portfolio away from Energy, which continued to look expensive to start the year. While Value did bias the portfolio away from Energy—which helped performance—performance of Value as a factor or

category was held back by allocations to Consumer Discretionary—like Yellow Pages—which lagged. For the quarter, Value was effectively flat. Cheap stocks performed roughly in line with the overall market.

Our research of individual stock data leads us to believe that Value, Momentum, and Quality are themes that are critically important to future outperformance. We consistently avoid sectors and industries that exhibit unfavorable characteristics, and hone in on areas of the market that are favorable in the ways we deem relevant. Historically, Canadian stocks with the cheapest valuations provided an additional 6.6% of return relative to the market while stocks with stronger Momentum added an additional 8.0%. Given the portfolio's positioning relative to its benchmark—measured by key characteristics we use in our stock selection process—we believe the portfolio is well situated for the rest of 2017.



# RBC O'Shaughnessy Canadian Equity 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.

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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 and PH&N Funds is based on actual expenses for the full-year period, January 1 to December 31, 2016, 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.

PH&N Funds Series A formerly known as Series C.

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 April 30, 2017.

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