



# RBC North American Value Fund

## Investment Objective

To provide long-term capital growth by investing primarily in equity securities of Canadian and/or U.S. companies priced below their true value and offering long-term opportunities for growth.

## Fund Details

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	RBF554
Adv	Deferred Sales	CAD	RBF857
Adv	Front End	CAD	RBF766
Adv	Low Load	CAD	RBF130
Adv T5	Front End	CAD	RBF6504
Adv T5	Low Load	CAD	RBF033
T5	No Load	CAD	RBF504

Inception Date	April 1998
Total Fund Assets \$Mil	3,274.4
Series A NAV \$	25.08
Series A MER %	1.93
Benchmark	50% S&P/TSX Capped Composite Total Return Index 50% S&P 500 Total Return Index (C\$)

Income Distribution	Annually
Capital Gains Distribution	Annually

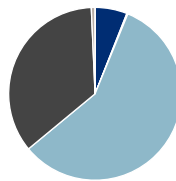
Sales Status	Open
Min. Investment \$	500
Subsequent Investment \$	25

Fund Category	Canadian Focused Equity
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Management Company	RBC Global Asset Management Inc.
Web Site	www.rbcgam.com

## Portfolio Analysis as of September 30, 2018

### Asset Mix

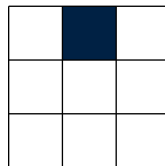


	% Assets
Cash	6.0
Fixed Income	0.2
Canadian Equity	57.8
US Equity	35.3
International Equity	0.7
Other	0.0

### Top 25 Holdings

	% Assets
The Toronto-Dominion Bank	4.7
Royal Bank of Canada	4.1
Bank of Nova Scotia	4.0
Brookfield Asset Mgmt Inc CI A	3.0
Canadian National Railway Co	2.7
Suncor Energy Inc	2.5
Canadian Natural Resources Ltd	2.2
Enbridge Inc	1.9
Alphabet Inc Class C	1.8
JPMorgan Chase & Co	1.7
UnitedHealth Group Inc	1.7
Manulife Financial Corp	1.7
Berkshire Hathaway Inc B	1.6
Canadian Pacific Railway Ltd	1.6
MEG Energy Corp	1.5
Ross Stores Inc	1.5
Nutrien Ltd	1.4
Microsoft Corp	1.3
Bank of America Corporation	1.2
Charter Communications Inc A	1.2
TransCanada Corp	1.2
Apple Inc	1.2
Thomson Reuters Corp	1.1
Lowe's Companies Inc	1.1
Fairfax Financial Holdings Ltd	1.1
<b>Total % of Top 25 Holdings</b>	<b>49.0</b>
<b>Total Number of Stock Holdings</b>	<b>111</b>
<b>Total Number of Bond Holdings</b>	<b>1</b>
<b>Total Number of Other Holdings</b>	<b>1</b>
<b>Total Number of Holdings</b>	<b>113</b>

### Equity Style



Value Blend Growth

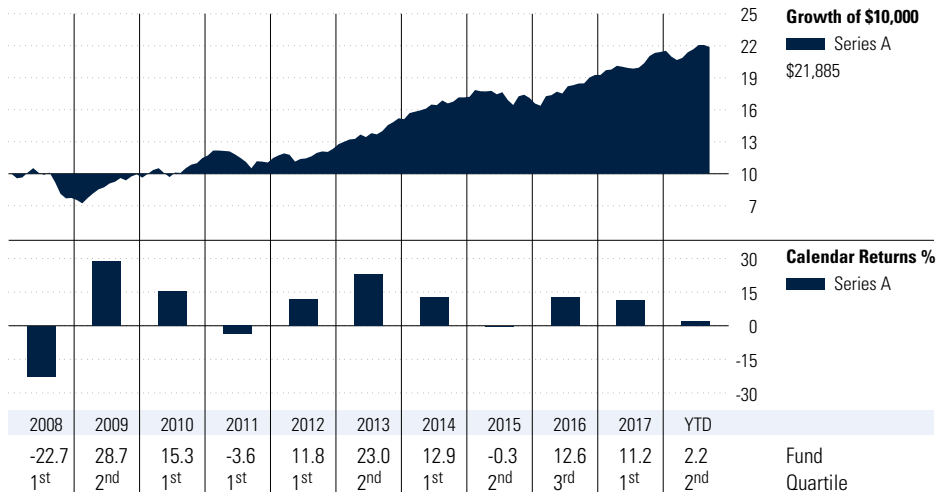
### Equity Statistics

P/B Ratio	1.8
P/E Ratio	15.6
Avg. Mkt Cap. \$B	47.3

### Global Equity Sectors

	% Equity
Financials	31.1
Energy	17.5
Industrials	12.1
Consumer Discretionary	9.4
Communication Services	8.2
Health Care	5.1
Information Technology	4.9
Consumer Staples	4.1
Materials	3.8
Utilities	2.1
Real Estate	1.6
Unclassified	0.0

## Performance Analysis as of September 30, 2018



	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
	-0.8	1.0	5.9	7.5	10.0	9.4	9.0	7.6	Fund
	2 <sup>nd</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	—	Quartile
	685	671	666	651	515	436	215	—	No. of Funds in Category



# RBC North American Value Fund

## Management Overview

### Manager Bios

#### Stuart Kedwell

##### RBC Global Asset Management Inc.

Stu leads the North American Equity team and is a member of the RBC GAM Investment Strategy Committee, which is responsible for establishing the firm-wide global asset mix for mutual funds and for institutional and high net worth private clients. Stu began his career in 1996 with RBC Dominion Securities in the firm's Generalist program, a two-year internship in which participants rotate through different areas of the firm. In 1998, he joined the RBC Investments Portfolio Advisory Group, which provides investment ideas and recommendations to RBC DS Investment Advisors.

#### Doug Raymond

##### RBC Global Asset Management Inc.

Doug Raymond is Senior Vice President and Co-Head, North American Equities. He has been in the investment industry since 1985.

#### David Tron

##### RBC Global Asset Management Inc.

David is Portfolio Manager and North American Equity Analyst. He is responsible for providing research on the North American Technology sector. David is a CFA charterholder.

### Performance Analysis Cont'd as of September 30, 2018

Distributions (\$)/Unit	YTD*	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Distributions	—	0.85	0.42	0.23	0.95	1.07	0.62	0.21	1.26	0.58	—
Interest	—	—	—	—	—	—	—	—	—	—	—
Dividends	—	—	0.03	0.04	—	—	0.01	—	—	—	—
Capital Gains	—	0.85	0.39	0.19	0.95	1.07	0.61	0.21	1.26	0.58	—
Return Of Capital	—	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	2-2010	38.2	3-2006	21.3	2-2014	16.8	3-2013	10.4
Worst	2-2009	-24.6	2-2009	-5.4	4-2003	0.6	8-2010	5.7
Average		9.2		8.7		8.9		8.1
No. of Periods		234		210		186		126
Pct. Positive		76.1		92.4		100.0		100.0

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

### Quarterly Commentary as at September 30, 2018

The S&P/TSX Composite Index hit an all-time high in mid-July, but retreated during the remainder of the quarter on uncertainty about the impact of the Trump administration's focus on global trade. U.S. equity markets generally outperformed the rest of the world again in the third quarter. The U.S. recorded impressive gains with soaring business and consumer confidence and corporate profit growth fueling the ascent.

Security selection and an underweight allocation within the Canadian Materials sector boosted relative performance in Q3. The underweight allocation to gold stocks benefitted the Fund as the commodity price declined.

Conversely, our overweight allocation and adverse security selection in Canadian Energy had negative impacts, as widening crude oil differentials between Western Canadian Select (WCS) and West Texas Intermediate (WTI) weighed on the sector. The largest detractor was the Fund's

overweight position in MEG Energy as the stock came back off of previous strong performance due to concerns over widening spreads for Canadian heavy crude oil.

Our assessment of a variety of indicators leads us to believe that the economy remains at a fairly late stage in the business cycle, but that a recession is unlikely within the next year. Economic slack has diminished and demand is running slightly ahead of sustainable levels. Credit spreads are narrow and delinquency rates on a variety of loans are beginning to rise, both of which are consistent with late-cycle behaviour. Although the yield curve has flattened meaningfully, it has not inverted, which would be a strong indicator of imminent recession. Stocks can continue to deliver decent upside with reasonable assumptions, but we recognize earnings growth is now critical to sustaining the bull market.



# RBC North American Value 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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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, 2018, expressed on an annualized basis.

MER (%) for RBC Corporate Class Funds is based on actual expenses for the full year period, April 1, 2017 to March 31, 2018.

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 September 30, 2018.

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