



# RBC Canadian Equity Income Fund

## Investment Objective

To provide a high level of monthly cash flow and relatively tax efficient distributions consisting primarily of returns of capital, capital gains and interest income and to provide the potential for modest capital growth.

## Fund Details

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	RBF591
Adv	Deferred Sales	CAD	RBF856
Adv	Front End	CAD	RBF762
Adv	Low Load	CAD	RBF111

Inception Date	August 2006
Total Fund Assets \$Mil	3,357.4
Series A NAV \$	26.69
Series A MER %	1.92
Benchmark	S&P/TSX Capped Composite Total Return Index

Income Distribution	Monthly
Capital Gains Distribution	Annually
Monthly Distribution (¢/unit)	9.05
Current Payout Rate (%)*	4.07

\*Assuming 12 consecutive months at the monthly distribution set out above. The estimate does not include any year-end capital gains distributions paid in addition to the regular monthly distribution nor should it be confused with performance or rates of return.

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

Fund Category	Canadian Dividend and Income Equity
---------------	-------------------------------------

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

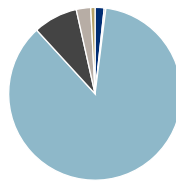
Web Site	www.rbcgam.com
----------	----------------

## Notes

Fund's investment objective and name changed July 1, 2009.

## Portfolio Analysis as of June 30, 2018

### Asset Mix

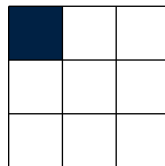


	% Assets
Cash	1.7
Fixed Income	0.3
Canadian Equity	86.1
US Equity	8.3
International Equity	2.7
Other	0.8

### Top 25 Holdings

	% Assets
Royal Bank of Canada	6.4
The Toronto-Dominion Bank	5.7
Bank of Nova Scotia	5.3
Suncor Energy Inc	4.0
Enbridge Inc	4.0
TransCanada Corp	3.2
Manulife Financial Corp	3.0
Canadian Natural Resources Ltd	2.9
Brookfield Asset Management Inc Class A	2.8
Sun Life Financial Inc	2.2
Canadian Pacific Railway Ltd	1.9
Bank of Montreal	1.8
Brookfield Property Partners LP	1.8
SNC-Lavalin Group Inc	1.8
Nutrien Ltd	1.8
BCE Inc	1.7
Pembina Pipeline Corp	1.7
Canadian National Railway Co	1.7
Enbridge Income Fund Holdings Inc	1.7
CIBC	1.7
Thomson Reuters Corp	1.4
Keyera Corp	1.3
Brookfield Infrastructure Partners LP	1.3
Algonquin Power & Utilities Corp	1.2
Teck Resources Ltd Class B	1.1
Total % of Top 25 Holdings	63.5
Total Number of Stock Holdings	92
Total Number of Bond Holdings	0
Total Number of Other Holdings	4
<b>Total Number of Holdings</b>	<b>96</b>

### Equity Style



Value Blend Growth

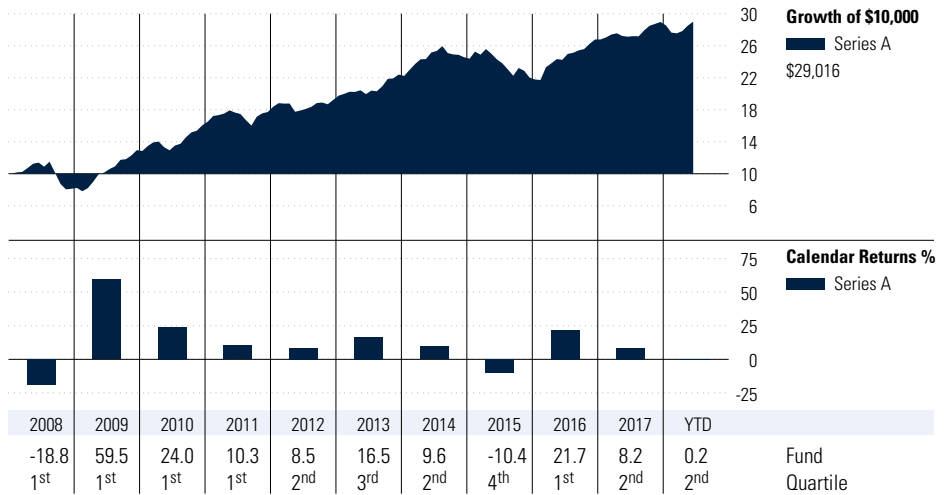
### Equity Statistics

P/B Ratio	1.6
P/E Ratio	13.8
Avg. Mkt Cap. \$B	25.6

### Global Equity Sectors

	% Equity
Financials	32.0
Energy	24.0
Utilities	10.0
Real Estate	9.7
Materials	8.8
Industrials	7.2
Telecommunication Services	3.1
Consumer Staples	1.6
Consumer Discretionary	1.3
Health Care	1.2
Information Technology	0.8
Unclassified	0.0

## Performance Analysis as of June 30, 2018



	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
	1.8	5.3	0.2	6.9	6.1	7.8	9.8	10.0	Fund
		2 <sup>nd</sup>	1 <sup>st</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	—	Quartile
	564	555	552	534	413	327	167	—	No. of Funds in Category



# RBC Canadian Equity Income Fund

## Management Overview

### Manager Bios

#### Jennifer McClelland

##### RBC Global Asset Management Inc.

Jennifer McClelland is Vice President and Senior Portfolio Manager, Canadian Equities. Jennifer began her investment career in 1993. She is a member of the North American equity team and is responsible for core and income-oriented Canadian equity mandates. Jennifer has a Bachelor Degree in Economics from the University of Western Ontario and is a CFA charterholder.

#### 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 June 30, 2018

Distributions (\$)/Unit	YTD*	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Distributions	0.54	1.08	1.08	1.30	2.16	1.34	1.08	1.53	1.89	1.43	0.96
Interest	0.54	0.00	—	—	—	—	—	0.13	0.07	0.54	0.87
Dividends	—	0.56	0.57	0.55	0.42	0.39	0.11	0.15	0.31	0.13	0.09
Capital Gains	—	0.37	—	0.75	1.74	0.95	0.66	1.24	1.51	0.76	—
Return Of Capital	—	0.15	0.51	—	—	—	0.31	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	2-2010	72.3	2-2012	34.1	2-2014	24.1	11-2017	11.5
Worst	2-2009	-23.2	8-2017	1.6	2-2016	4.8	5-2018	9.7
Average		11.6		12.3		12.6		10.8
No. of Periods		131		107		83		23
Pct. Positive		80.9		100.0		100.0		100.0

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

### Quarterly Commentary as at June 30, 2018

The Canadian stock market posted modest gains in the first half of 2018, led by strength in Energy and Technology. However, domestic economic growth slowed and concern about trade protectionism intensified as the period progressed, leading the Bank of Canada to take a more cautious approach toward raising interest rates. The combination of rising borrowing costs, a weaker housing market and uncertainty about the future of the North American Free Trade Agreement conspired to dampen Canadian growth. Late in the period, President Trump imposed tariffs on Canadian steel and aluminum. Against this backdrop, equities have struggled to make the kind of headway that came so easily last year.

Security selection mildly detracted in Q2, although asset allocation was positive. We were hurt by an underweight in Canadian technology, although it's a small sector in Canada. We didn't own top performer Constellation Software Inc., which has

demonstrated its ability to rapidly compound capital through acquisitions. We benefited from an overweight to Suncor Energy Inc. as it is a high-quality company with competitive operating costs, a long reserve life, strong free cash generation and solid capital discipline.

Equities fluctuated significantly during the first half of the year as rapid corporate profit growth was offset by contracting price-to-earnings ratios. Expanding valuations have been a significant source of gains for stocks during this long bull market, but sustained earnings growth will be critical to drive stocks higher from here. The earnings outlook in Canada has been upgraded to reflect higher crude-oil prices, underpinning Energy sector earnings. The global economic backdrop supports continued momentum in commodity prices as the global economy appears to be entering the later part of the cycle.



# RBC Canadian Equity Income 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 full year period, January 1 to December 31, 2017, 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 June 30, 2018.

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