



# RBC O'Shaughnessy U.S. Growth Fund II

## Investment Objective

To provide long-term capital growth by investing primarily in equity securities of 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	RBF306
Adv	Front End	CAD	RBF782
Adv	Low Load	CAD	RBF204

Inception Date	January 2008
Total Fund Assets \$Mil	38.4
Series A NAV \$	10.36
Series A MER %	2.21
Benchmark	Russell 2500 Growth Index (US\$)

Income Distribution	Annually
Capital Gains Distribution	Annually

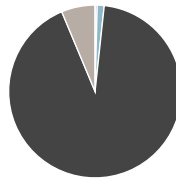
Sales Status	Open
Min. Investment \$	500
Subsequent Investment \$	25

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 March 31, 2017

### Asset Mix

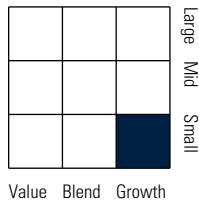


	% Assets
Cash	0.4
Fixed Income	0.0
Canadian Equity	1.3
US Equity	92.0
International Equity	6.3
Other	0.0

### Top 25 Holdings

	% Assets
Advanced Energy Industries Inc	2.3
Masimo Corp	2.1
Meta Financial Group Inc	1.7
Chase Corp	1.5
Stock Yards Bancorp Inc	1.5
Ingredion Inc	1.4
Thor Industries Inc	1.3
Intrawest Resorts Holdings Inc	1.3
Argan Inc	1.2
InterDigital Inc	1.2
MarketAxess Holdings Inc	1.2
Toro Co	1.2
IDEXX Laboratories Inc	1.1
Superior Industries International Inc	1.0
Logitech International SA	1.0
Kemet Corp	1.0
Alpha & Omega Semiconductor Ltd	1.0
Fresh Del Monte Produce Inc	1.0
Teleflex Inc	1.0
Lakeland Bancorp Inc	0.9
Science Applications International Corp	0.9
Transportadora de Gas del Sur SA ADR	0.9
Insperty Inc	0.9
Jacobs Engineering Group Inc	0.9
Tivity Health Inc	0.9
Total % of Top 25 Holdings	30.5
Total Number of Stock Holdings	199
Total Number of Bond Holdings	0
Total Number of Other Holdings	1
<b>Total Number of Holdings</b>	<b>200</b>

### Equity Style



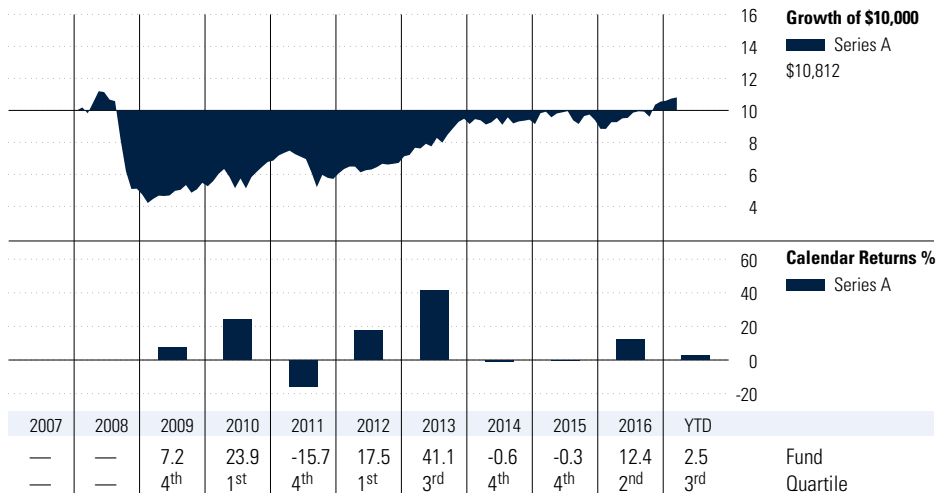
### Equity Statistics

P/B Ratio	2.7
P/E Ratio	19.9
Avg. Mkt Cap. \$B	2.6

### Global Equity Sectors

	% Equity
Information Technology	23.1
Industrials	19.8
Financials	16.8
Consumer Discretionary	13.1
Materials	9.2
Health Care	8.0
Consumer Staples	5.6
Energy	1.8
Telecommunication Services	1.5
Real Estate	1.1
Unclassified	0.0
Utilities	0.0

## Performance Analysis as of March 31, 2017



1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
0.7	2.5	8.9	16.7	4.8	10.7	—	0.5	Fund
2 <sup>nd</sup>	3 <sup>rd</sup>	3 <sup>rd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	4 <sup>th</sup>	—	—	Quartile
265	260	259	252	146	102	47	—	No. of Funds in Category



# RBC O'Shaughnessy U.S. Growth Fund II

## 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 March 31, 2017

Distributions (\$)/Unit	YTD*	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Distributions	—	—	0.09	—	—	—	—	—	—	—	—
Interest	—	—	—	—	—	—	—	—	—	—	—
Dividends	—	—	—	—	—	—	—	—	—	—	—
Capital Gains	—	—	0.09	—	—	—	—	—	—	—	—
Return Of Capital	—	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	12-2013	41.1	9-2014	20.9	2-2014	17.5	—	—
Worst	2-2009	-58.6	8-2011	-16.6	6-2013	-7.0	—	—
Average		5.2		8.1		8.9		—
No. of Periods		99		75		51		—
Pct. Positive		64.6		86.7		84.3		—

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

### Quarterly Commentary as at March 31, 2017

During the quarter, an overweight exposure to Momentum, the primary stock selection factor, added only 0.04% to returns. An overweight to Valuation was the driver of underperformance. Valuation is used as an intermediary screen to focus in on undervalued names and it negatively impacted performance by 2.1%. In the first quarter, some of the most expensive industries performed well to start the year. The strategy screens out the most poorly ranked names through Earnings Quality, Financial Strength, and Earnings Growth.

The companies leading the market so far in 2017 have had characteristics that we actively avoid. Expensive Momentum names like Biotechnology have outperformed the market by large margins. Low Volatility names, which historically outperform the overall market, lagged the benchmark for this period. Names with strong balance sheets (Financial Strength) and least aggressive accounting (Earnings Quality) have also

underperformed. These conditions have created headwinds for the strategy to start out the year.

The sector with the largest negative contribution was Financials, which was driven mostly by our overweight to Commercial Banks. The second largest detractor was Health Care, which was mainly driven by our underweight to biotechnology which was up 14.7% on the quarter. The largest positive contribution as a sector was Consumer Staples, which was driven by selection; we had a large overweight to National Beverage (65.5%) and a large underweight to Rite Aid (-48.4%).

Above all else, we believe that long term success comes from building a portfolio around proven stock selection factors—measured using key selection criteria like quality, valuation, and Momentum. Based on these key themes, the strategy is very well positioned versus its benchmark and relative to the overall market.



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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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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 half-year period, April 1, 2016 to September 30, 2016, 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 March 31, 2017.

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