



# RBC U.S. Small-Cap Value Equity Fund

## Investment Objective

To provide long-term capital growth. The fund invests primarily in equity securities of U.S. small-cap companies that are deemed to be undervalued in order to provide broad exposure to economic growth opportunities in the equity markets.

## Fund Details

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	RBF435
Adv	Front End	CAD	RBF6435
Adv	Low Load	CAD	RBF4435

Inception Date	September 2015
Total Fund Assets \$Mil	73.6
Series A NAV \$	12.87
Series A MER %	2.04
Series A Adjusted MER %	2.00
Benchmark	Russell 2000 Value Index (CDNS)

Income Distribution	Annually
Capital Gains Distribution	Annually

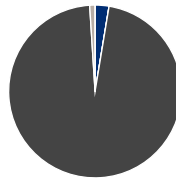
Sales Status	Open
Min. Investment \$	500
Subsequent Investment \$	25

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

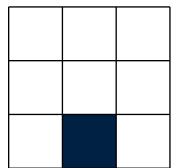


	% Assets
Cash	2.6
Fixed Income	0.0
Canadian Equity	0.0
US Equity	96.4
International Equity	1.0
Other	0.0

### Top 25 Holdings

	% Assets
Compass Diversified Holdings	2.7
ACCO Brands Corp	2.3
Patrick Industries Inc	2.2
Spire Inc	2.1
Texas Capital Bancshares Inc	2.1
United Community Banks Inc	2.0
Novanta Inc	2.0
EnerSys	1.9
Greenbrier Companies Inc	1.9
Pacific Premier Bancorp Inc	1.8
Coherent Inc	1.8
Synovus Financial Corp	1.7
Koppers Holdings Inc	1.7
Reinsurance Group of America Inc	1.7
Omnova Solutions Inc	1.7
NN Inc	1.6
Lydall Inc	1.6
Casella Waste Systems Inc	1.6
Chemical Financial Corp	1.6
American Financial Group Inc	1.5
Mercantile Bank Corp	1.5
Sterling Bancorp	1.5
Portland General Electric Co	1.5
Reliance Steel & Aluminum Co	1.4
Universal Electronics Inc	1.4
Total % of Top 25 Holdings	44.7
Total Number of Stock Holdings	91
Total Number of Bond Holdings	0
Total Number of Other Holdings	1
<b>Total Number of Holdings</b>	<b>92</b>

### Equity Style



Value Blend Growth

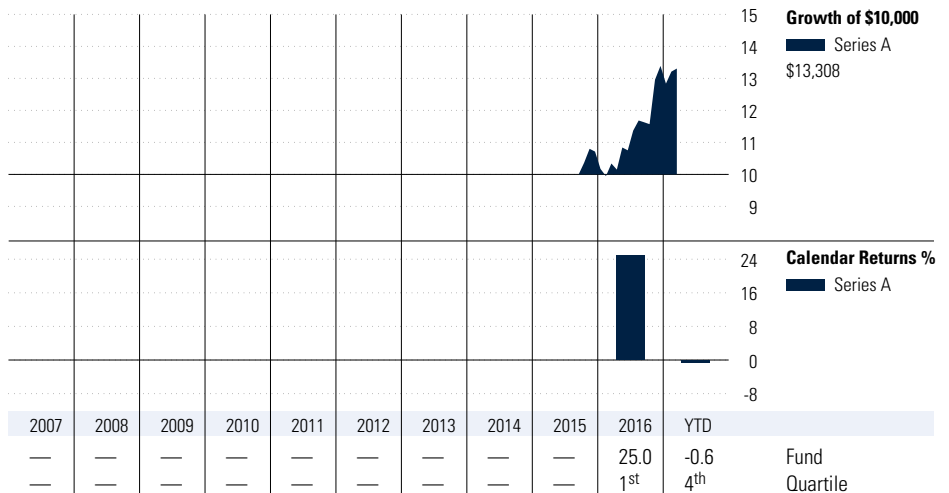
### Equity Statistics

P/B Ratio	2.0
P/E Ratio	18.6
Avg. Mkt Cap. \$B	2.1

### Global Equity Sectors

	% Equity
Financials	29.2
Industrials	20.8
Consumer Discretionary	12.1
Information Technology	8.6
Real Estate	8.3
Materials	5.3
Utilities	4.9
Energy	4.5
Health Care	4.3
Consumer Staples	1.9
Telecommunication Services	0.0
Unclassified	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	-0.6	14.4	28.7	—	—	—	19.1	Fund
2 <sup>nd</sup>	4 <sup>th</sup>	1 <sup>st</sup>	1 <sup>st</sup>	—	—	—	—	Quartile
265	260	259	252	146	102	47	—	No. of Funds in Category



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## Management Overview

### Manager Bios

#### Lance F. James

##### RBC Global Asset Management (U.S.) Inc.

Lance F. James is Managing Director and Senior Portfolio Manager. He has been in the investment industry since 1980.

#### Stephen E. Kylander

##### RBC Global Asset Management (U.S.) Inc.

Stephen E. Kylander is Vice President and Senior Portfolio Manager. He has been in the investment industry since 1986.

### Performance Analysis Cont'd as of March 31, 2017

Distributions (\$)/Unit	YTD*	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Distributions	—	0.10	0.09	—	—	—	—	—	—	—	—
Interest	—	—	—	—	—	—	—	—	—	—	—
Dividends	—	—	—	—	—	—	—	—	—	—	—
Capital Gains	—	0.10	0.09	—	—	—	—	—	—	—	—
Return Of Capital	—	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1 Yr	Ended	3 Yr	Ended	5 Yr	Ended	10 Yr
Best	2-2017	32.8	—	—	—	—	—	—
Worst	10-2016	11.6	—	—	—	—	—	—
Average		23.0		—		—		—
No. of Periods		7		—		—		—
Pct. Positive		100.0		—		—		—

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

### Quarterly Commentary as at March 31, 2017

The post-election equity market that reached record highs in 2016 continued in the new year. However, there was a stark shift in investment style performance as the darlings of 2016 – small-cap and value stocks, which were buoyed by post-election promises of tax reform, deregulation, and infrastructure stimulus – ceded performance leadership to large cap and growth stocks. This shift can partially be attributed to investors' realization that the new administration's proposed pro-growth policy changes will take time to incorporate, and are far from guaranteed.

The Fund's performance was driven by favorable stock selection, which is what we like to see as bottom-up stock pickers, while sector allocation decisions had a slightly positive impact on returns. Strong stock selection within the Information Technology, Consumer Discretionary, and Real Estate sectors added the most to returns. Adverse stock selection within the Energy sector had a

minimal impact. Overall sector allocation decisions had a neutral effect as the benefit of being underweight to the poor performing Energy sector was offset by being underweight to relatively strong Information Technology sector.

The Small-Cap Value Equity strategy focuses on neglected small-cap companies with attractive long-term fundamentals, near-term profitability improvement potential, and low relative valuations. The strategy emphasizes market leaders with proven products or services, sustainable competitive advantages, solid balance sheets, and attractive cash flows. While sector weightings are a result of bottom-up research and stock selection, the strategy remains positioned for economic recovery with overweight positions in the economically sensitive Industrials, Materials, and Consumer Discretionary sectors.



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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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