



# 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	713.3
Series A NAV \$	22.03
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

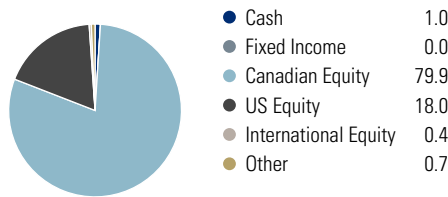
Fund Category	Canadian Focused Equity
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Management Company	RBC Global Asset Management Inc.
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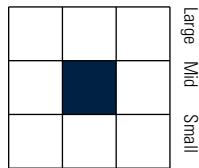
Web Site	www.rbcgam.com
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## Portfolio Analysis as of December 31, 2017

### Asset Mix



### Equity Style



Value Blend Growth

### Equity Statistics

P/B Ratio	2.0
P/E Ratio	13.9
Avg. Mkt Cap. \$B	10.2

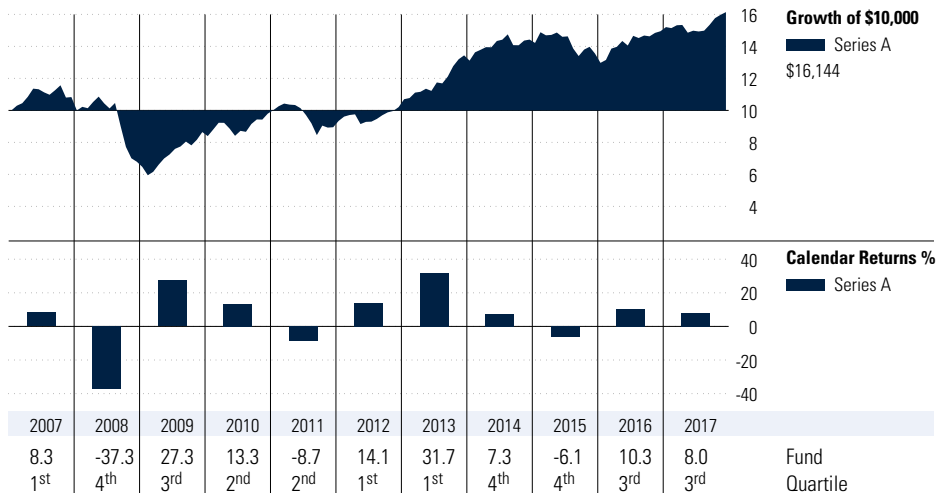
### Global Equity Sectors

Sector	% Equity
Financials	27.0
Materials	16.9
Consumer Discretionary	14.9
Consumer Staples	9.8
Industrials	9.0
Real Estate	5.2
Energy	4.7
Health Care	4.7
Information Technology	3.7
Utilities	2.9
Telecommunication Services	1.1
Unclassified	0.0

### Top 25 Holdings

Company	% Assets
Sun Life Financial Inc	3.6
Manulife Financial Corp	3.5
Royal Bank of Canada	3.2
Teck Resources Ltd Class B	3.2
West Fraser Timber Co.Ltd	3.1
The Toronto-Dominion Bank	2.5
Canadian Tire Corp Ltd Class A	2.5
Great-West Lifeco Inc	2.2
CI Financial Corp	2.1
Loblaw Companies Ltd	2.0
Methanex Corp	1.9
George Weston Ltd	1.8
Express Scripts Holding Co	1.6
Air Canada Class B	1.5
Magna International Inc Class A	1.4
Husky Energy Inc	1.4
Best Buy Co Inc	1.4
Metro Inc	1.4
BRP Inc	1.3
Premium Brands Holdings Corp	1.3
JPMorgan Chase & Co	1.3
Wal-Mart Stores Inc	1.2
Rogers Communications Inc Class B	1.1
Atco Ltd Class I	1.1
Gildan Activewear Inc	1.1
Total % of Top 25 Holdings	48.8
Total Number of Stock Holdings	150
Total Number of Bond Holdings	0
Total Number of Other Holdings	2
<b>Total Number of Holdings</b>	<b>152</b>

## Performance Analysis as of December 31, 2017



1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.	Trailing Return %
1.1	5.2	7.8	8.0	3.8	9.6	4.1	7.8	Fund
1 <sup>st</sup>	1 <sup>st</sup>	1 <sup>st</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	3 <sup>rd</sup>	3 <sup>rd</sup>	—	Quartile
736	732	728	695	535	413	205	—	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 December 31, 2017

Distributions (\$)/Unit	2017*	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Distributions	0.16	0.24	0.14	0.11	0.16	0.21	0.09	0.14	0.30	0.43	3.26
Interest	0.16	—	—	—	—	—	—	—	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		9.2		9.1		9.0		6.9
No. of Periods		230		206		182		122
Pct. Positive		73.5		84.0		89.0		100.0

\* Final distribution attribution (interest, dividends, capital gains and return of capital) for 2017 will be reflected with January month-end profiles.

### Quarterly Commentary as at December 31, 2017

Being smaller than the market aided returns as smaller cap stocks outperformed. An overweight to discounted stocks detracted from performance. Industry allocation effects were a positive, notably an underweight allocation to Energy. The Fund seeks stocks that meet certain quality criteria for earnings quality, financial strength, momentum, valuation, and earnings growth. The Fund then focuses equally on stocks that are priced at a discount relative to sales, earnings, and cash flows, and have strong momentum. In constructing the Fund we ignore market capitalization as a factor. In a market like Canada, which tends to be dominated by a narrow group of very large stocks, this means our Fund tends to skew smaller than the benchmark. This was again the case in Q4, and benefitted the Fund. Our favoritism for stocks priced at a discount modestly aided performance. Momentum ended Q4 outperforming by 1.7%. Momentum was one of the stronger factors in 2017, outperforming by 6.8% cumulatively, and contributing 0.4% to excess return. Overweights to our quality factors detracted -0.3% in Q4, and -0.7% in 2017.

Overall sector allocation effects added and security selection effects detracted from returns for Q4. An overweight allocation to Health Care and an underweight allocation to Energy aided returns while an underweight allocation to Financials detracted from returns. Security selection within Materials and Consumer Discretionary aided returns for Q4 while security selections within Energy, Health Care, and Consumer Staples detracted from returns.

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. Given the Fund's positioning relative to its benchmark—measured by key characteristics we use in our stock selection process—we believe the Fund is well situated for 2018.



# 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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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, 2017, expressed on an annualized basis.

MER (%) for RBC Corporate Class Funds is based on actual expenses for the half-year period, April 1, to September 30, 2017, expressed on an annualized basis.

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 December 31, 2017.

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