



## Quarterly Commentary

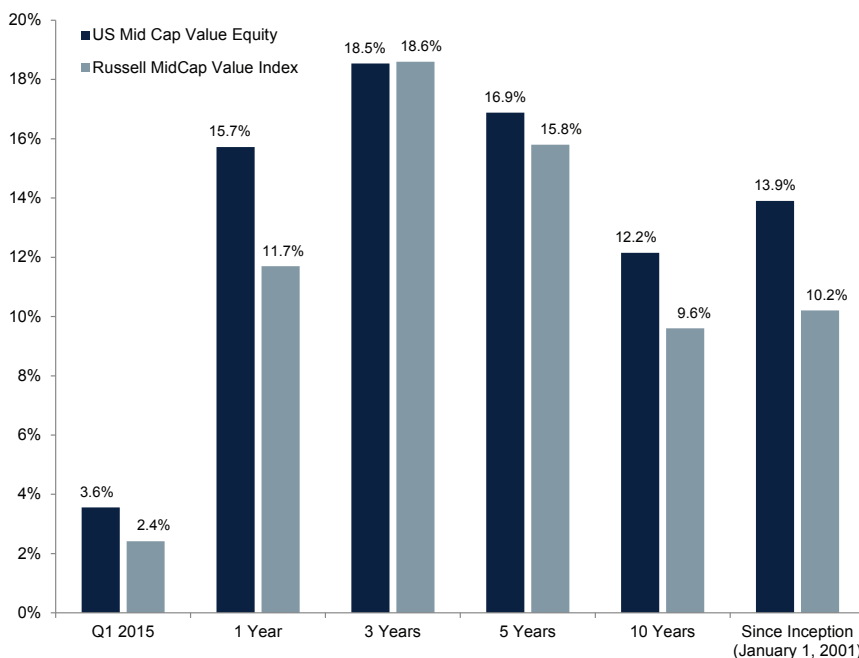
The Russell Midcap Value Index returned +2.4% in the first quarter, underperforming both the Russell Midcap Index and its growth counterpart, which returned +4.0% and +5.4%, respectively.

The RBC US Mid Cap Value Equity strategy outperformed the benchmark by +1.1% this quarter. Favorable stock selection in information technology (+192 bps), energy (+49 bps) and materials (+33 bps) in addition to favorable stock selection and underweight in utilities (+74 bps in aggregate) contributed to the strategy's performance. Adverse stock selection and an underweight in healthcare (-74 bps in aggregate), along with underweights in industrials (-136 bps), financials (-23 bps) and consumer discretionary (-13 bps) detracted from performance this quarter.

With 2015 once again exhibiting strong returns in the Midcap Value asset class, the opportunity to identify and opportunistically invest in disparities between sectors are now somewhat less pronounced, making stock selection based on sound fundamentals combined with attractive valuation critical to performance moving forward in 2015. The strategy continues to be based on the premise that a diversified portfolio of companies with attractive return characteristics, opportunity for improvement and low absolute and relative stock valuation metrics provide an attractive investment option.

## Investment Performance

Trailing performance as at 31 March 2015



All returns for periods greater than one year are shown on an annualised basis

## Risk Characteristics

10 Years through 31 March 2015

	Standard Deviation	Alpha	Sharpe Ratio	Upside Capture	Downside Capture	Beta
RBC US MCV Equity	19.0%	2.9	0.6	121.7%	97.2%	0.9
Russell MCV Index	19.6%	0.0	0.4	100.0%	100.0%	1.0
Universe Median	18.8%	1.0	0.5	96.3%	96.1%	0.9

## RBC US MID CAP VALUE EQUITY

31 March 2015

### Strategy Overview

- \$601 million Assets Under Management
- Inception: January 2001
- Benchmark: Russell Midcap Value Index
- Vehicles: Segregated Account, SICAV (ISIN: LU0687667450)
- Portfolio Manager: Stephen E. Kylander

### Investment Approach

- Seeks to provide superior long-term investment returns compared to the Russell Midcap Value Index
- Takes a low risk approach to mid cap investing
- We believe that superior returns over time can be generated through stock selection based on: attractive and sustainable business fundamentals, strong finances, strong management and low valuation.

### Portfolio Construction

- Well-diversified portfolios holding 55-75 holdings
- Maximum in a single security: 5%
- Maximum in a single sector: The higher of 2x Russell MidCap Value Index weight or 20%
- Fully invested in equities; no market timing

## About RBC Global Asset Management

- Over \$300 billion Assets Under Management
- Offices in North America, Europe and Asia
- Over 300 investment professionals globally
- Part of Royal Bank of Canada, one of the highest rated, largest and safest banks in the world\*

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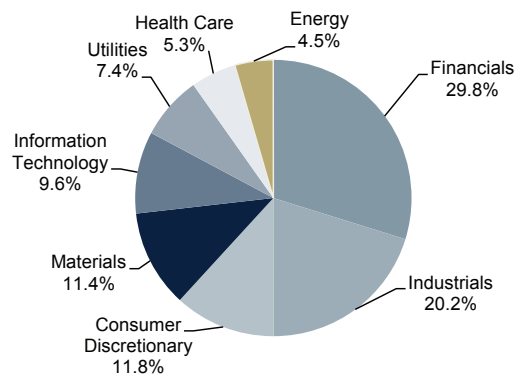
## Portfolio Characteristics

	US MC Value Equity	Russell MC Value Index
<b>Profitability</b>		
ROE (Trailing 12 mos)	12.0%	10.3%
Return on Assets (Trailing 12 mos)	5.2%	4.4%
<b>Fundamentals</b>		
Sales Growth (Trailing 5 years)	6.1%	5.5%
EPS Growth (Trailing 5 years)	11.7%	8.8%
EPS Growth (Trailing 12 mos)	16.5%	9.0%
EPS Growth (Forward 12 mos)	10.1%	4.8%
Long-Term Future EPS Growth Rate	12.0%	8.7%
<b>Valuation</b>		
P/E (Forward 12 mos)	14.7x	17.2x
P/B (Trailing 12 mos)	2.6x	2.2x
P/S (Trailing 12 mos)	1.3x	1.9x
P/C (Trailing 12 mos)	10.6x	11.7x
P/E to Growth Ratio (Trailing 12 mos)	1.3x	1.9x
<b>Other</b>		
LT Debt/Total Cap (Trailing 12 mos)	38.0%	38.2%
Weighted Average Market Cap	\$7.9 bn	\$12.3 bn
Number of Holdings (ex Cash)	74	574
Active Share	91.29%	-

## Top Ten Holdings

Company Name	Weight
Hartford Financial Services Group Inc.	3.7%
United Rentals Inc.	3.6%
Universal Health Services Inc.	3.0%
Carlisle Cos Inc.	2.9%
Ryder System Inc.	2.6%
Lincoln National Corp.	2.5%
Laclede Group Inc.	2.4%
Jarden Corp.	2.4%
Swift Transportation Co.	2.4%
Huntington Bancshares Inc.	2.3%

## Sector Allocation



## Disclosures

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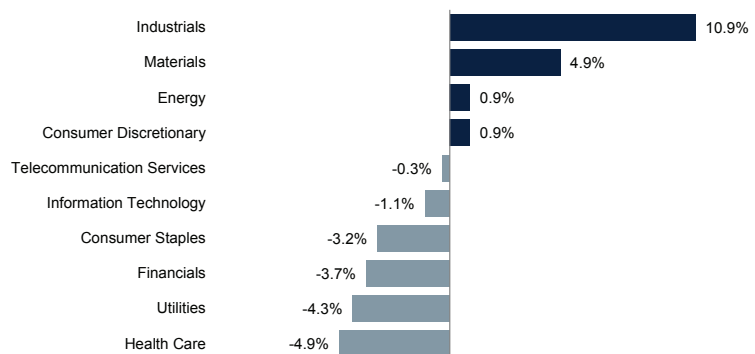
\*Ratings: S&P: AA-, Moody's: Aa3 (Bloomberg, 31.03.2015)

Ranked 5th largest bank in North America and 14th globally based on market capitalization (Bloomberg, 31.03.2015)

Ranked 2nd safest bank in North America and 16th globally (Global Finance, November 2014)

All information as at 31.03.2015 and in US dollars unless otherwise stated.

## Relative Sector Weights



Benchmark: Russell Mid Cap Value Index  
 Source: Factset, RBC Global Asset Management

## Why US Mid Cap Value Equity

- **The consistency of our portfolio management team, philosophy and process** that has produced a long and proven track record
- **Our highly experienced team with uniquely diverse backgrounds** that can effectively exploit institutional neglect and market inefficiencies
- **Our efficient and repeatable, high-conviction process** that identifies superior opportunities
- **Our strong valuation discipline** combined with diversification and limits on individual stocks and sectors



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