



# RBC European Equity Fund

**Fund Category**  
European Equity

**Morningstar Rating™**  
★★

## Investment Objective

To provide long-term capital growth by investing in equity securities of European companies in order to provide exposure to growth opportunities in the European economy and diversification benefits beyond North America.

## Fund Details

Series	Load Structure	Currency	Fund Code
A	No Load	CAD	RBF457
Adv	Deferred Sales	CAD	RBF848
Adv	Front End	CAD	RBF748
Adv	Low Load	CAD	RBF174
F	No Load	CAD	RBF622

Inception Date	July 1987
Total Assets \$Mil	1,618.3
Series A NAV \$	13.52
Series A MER %	2.15
Benchmark	MSCI Europe (\$C)
Income Distribution	Annually
Capital Gains Distribution	Annually
Sales Status	Open
Min. Investment \$	500
Subsequent Investment \$	25

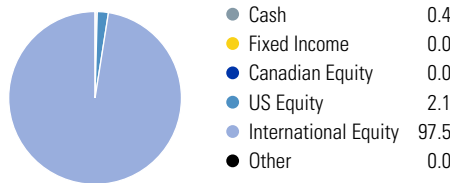
Management Company	RBC Asset Management Inc.
Web Site	www.rbcam.com

## Notes

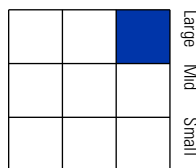
Fund's portfolio advisor changed July 1, 2002.

## Portfolio Analysis as of July 31, 2010

### Asset Mix



### Equity Style



Value Blend Growth

### Equity Statistics

P/B Ratio	2.2
P/E Ratio	11.8
Avg Mkt Cap \$Bil	20.7

### Top 5 Sectors

Sector	% Equity
Industrials	20.9
Financials	17.1
Consumer Staples	14.8
Consumer Discretionary	10.1
Health Care	9.6

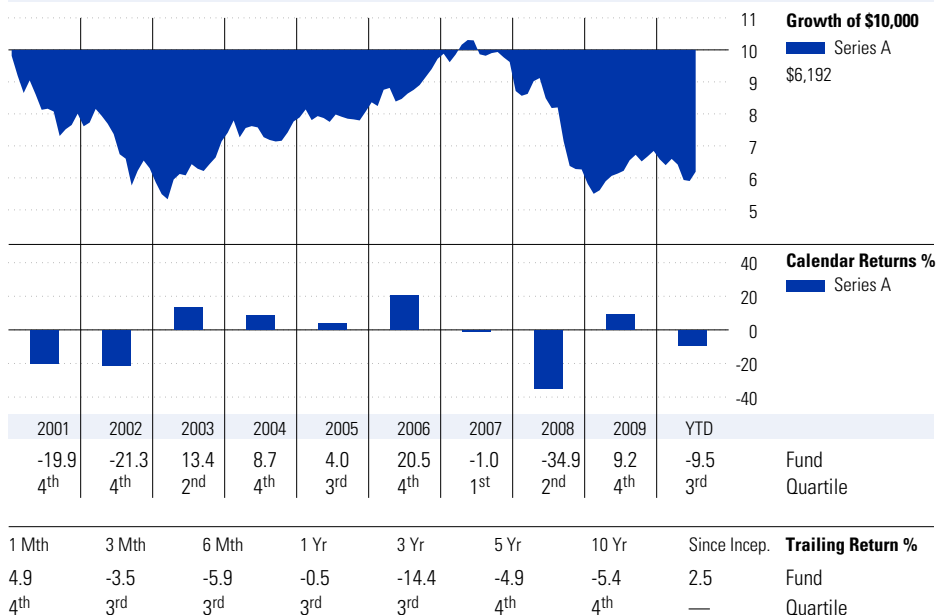
### Top Geographic Allocations

Geographic	% Assets
United Kingdom	29.7
Switzerland	16.7
Germany	13.5
France	9.6
Netherlands	6.2

### Top Ten Holdings

Company	% Assets
Nestle SA	4.0
Sap AG	3.7
Siemens AG	3.2
Novartis AG	3.0
Unilever NV	2.4
DnB NOR ASA	2.4
SGS Ltd	2.3
Shire PLC	2.2
Schindler Holding AG	2.2
Assa Abloy AB	2.1
<b>Total % of Top 10 Holdings</b>	<b>27.6</b>
<b>Total Number of Stock Holdings</b>	<b>68</b>
<b>Total Number of Bond Holdings</b>	<b>0</b>
<b>Total Number of Other Holdings</b>	<b>1</b>
<b>Total Number of Holdings</b>	<b>69</b>

## Performance Analysis as of July 31, 2010





# RBC European Equity Fund

## Management Overview

### Manager Bios

#### Dominic Wallington

#### RBC Asset Management UK Limited

Dominic Wallington is Chief Executive Officer and Chief Investment Officer. He has been in the investment industry since 1991.

### Performance Analysis Cont'd as of July 31, 2010

Distributions (\$)/Unit	YTD*	2009	2008	2007	2006	2005	2004	2003	2002	2001
Total Distributions	—	0.25	0.34	0.15	0.13	0.08	0.01	0.01	0.07	0.43
Interest	—	0.25	0.34	0.15	0.13	0.08	0.01	0.01	0.07	0.43
Dividends	—	—	—	—	—	—	—	—	—	—
Capital Gains	—	—	—	—	—	—	—	—	—	—
Return Of Capital	—	—	—	—	—	—	—	—	—	—

Best/Worst Periods %	Ended	1Yr	Ended	3Yr	Ended	5Yr	Ended	10Yr
Best	5-1998	47.2	2-2000	28.7	7-1998	23.6	3-2000	16.0
Worst	10-2008	-35.8	3-2003	-23.0	3-2005	-7.7	6-2010	-6.0
Average		5.2		6.7		7.6		7.8
No. of Periods		265		241		217		157
Pct. Positive		67.2		61.8		68.2		83.4

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

### Quarterly Commentary as at June 30, 2010

In the second quarter, the RBC European Equity Fund (Series A) declined 10.5 %, versus 10.8% loss for the MSCI European Total Return Index, in Canadian dollars. The relative outperformance was predominantly as a result of the correct sector bias within the Fund.

European markets had a poor quarter as a consequence of two macro issues. The first was the continuing theme of sovereign debt issues in the periphery countries in Europe. This factor reached maximum pessimism in mid-June and was closely timed to the credit downgrade of Spain. The second factor began to affect the market after a rally from mid-June and was caused by weaker economic growth coming out of the U.S.

The best performing sectors in Europe were Consumer Discretionary and Staples, as well as Health Care, while sector laggards included Energy, Utilities and Financials. This highlights the defensive nature of the market over this period.

The biggest positive contributors to performance over the period were Assa Abloy, SAP and SGS, while detractors included Swiss Life, Red Electrica and Telecinco. The last two holdings were affected by concerns over the Spanish economy.

Over the course of the quarter we continued to sell down some of the high beta, cyclical plays that had performed well from the market bottom. We sold Societe Generale, TNT and Rio Tinto. We bought positions in Unilever, Smiths Group and Dassault Systemes.

It is clear that the growth in developed economies will continue to be relatively weak. There will also be ongoing headwinds due to the poor financial position of many governments in the West. However, we believe much of this is factored in to equity markets and have concentrated our assets in the areas of Europe that will be less affected by these themes.

#### Major Buys

Unilever  
Shire  
Smiths Group  
Dassault Systemes  
BHP Billiton

#### Major Sells

Societe Generale  
Sanofi  
TNT  
Nokia  
Rio Tinto



# RBC European Equity Fund

## Disclosure

RBC Funds are offered by RBC Asset Management Inc. and distributed through authorized dealers. RBC Global Asset Management (RBC GAM) comprises RBC Asset Management Inc. (RBC AM), Phillips, Hager & North Investment Management Ltd. (PH&N) and RBC Global Asset Management (U.S.) Inc., which are separate legal entities owned by Royal Bank of Canada.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus of the mutual fund 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. The value of mutual funds change frequently and past performance may not be repeated.

The Top 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).

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.

This 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 this 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 this fund profile without seeking the advice of an appropriate professional advisor.

For money market funds, the performance data assumes reinvestment of distributions only and does not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that would have reduced returns. In addition, 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.

Quartile rankings are determined by Morningstar Research Inc., an independent research firm. 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 units of the Fund as of July 31, 2010.

Morningstar ratings are overall ratings reflecting risk adjusted performance as of July 31, 2010. The ratings are subject to change every month. The ratings are calculated for funds with a minimum of 3 years of performance, calculated from the funds' 1 and 3 year average annual returns measured against a 91-day Treasury Bill return with appropriate fee adjustments. The top 10% of the funds in a category receive 5 stars (high); if the funds fall in the next 22.5%, they receive 4 stars (above average); a place in the middle 35% earns a fund 3 stars (neutral or average); those in the next 22.5% receive 2 stars (below average); and the lowest 10% get 1 star (low). Ratings are just one factor to consider when investing. For more information, please see [www.morningstar.ca](http://www.morningstar.ca).

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