RBC Global Asset Management

Printed on February 1, 2012

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

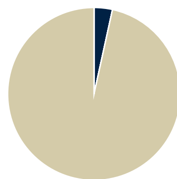
Inception Date	July 1987
Total Assets $Mil	1,594.0
Series A NAV $	13.13
Series A MER %	2.23
Benchmark	MSCI Europe ($C)
Income Distribution	Annually
Capital Gains Distribution	Annually
Sales Status	Open
Min. Investment $	500
Subsequent Investment $	25
Management Company	RBC Global Asset Management Inc.
Web Site	www.rbcgam.com

Notes

Fund's portfolio advisor changed July 1, 2002.

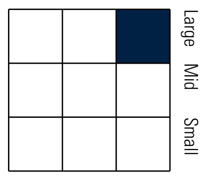
Portfolio Analysis as of December 31, 2011

Asset Mix



	% Assets
Cash	3.4
Fixed Income	0.0
Canadian Equity	0.0
US Equity	0.0
International Equity	96.6
Other	0.0

Equity Style



Equity Statistics

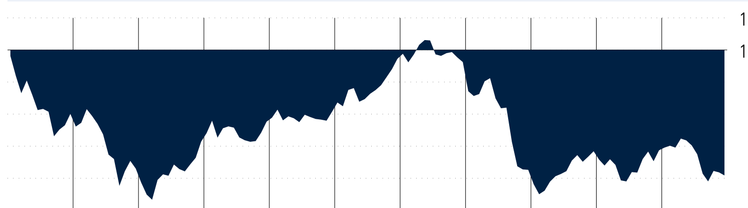
P/B Ratio	1.8
P/E Ratio	10.9
Avg Mkt Cap $Bil	26.1

Top 5 Sectors	% Equity
Health Care	17.4
Energy	15.2
Consumer Staples	14.8
Consumer Discretionary	13.6
Financials	12.1

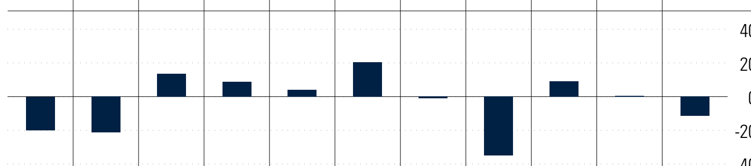
Geographic Allocations	% Assets
United Kingdom	48.8
Germany	13.1
Switzerland	7.6
France	7.3
Netherlands	3.9

Top 25 Holdings	% Assets
Royal Dutch Shell PLC	4.6
GlaxoSmithKline PLC	4.3
BT Group PLC	3.6
BP PLC	3.1
Novartis AG	3.0
Swedbank AB	2.8
European Aeronautic Defence and Space NV	2.7
British American Tobacco PLC	2.7
Sap AG ADR	2.4
BG Group PLC	2.4
BHP Billiton PLC	2.1
Sanofi	2.1
AstraZeneca PLC	2.0
Bayer AG	2.0
Imperial Tobacco Group PLC	2.0
Wm Morrison Supermarkets PLC	1.9
Telenet Group Holding NV	1.9
Compass Group PLC	1.9
Babcock International Group PLC	1.8
Tate & Lyle PLC	1.8
Reckitt Benckiser Group PLC	1.8
Novo Nordisk A/S	1.8
Diageo PLC	1.7
Paddy Power PLC	1.7
William Hill PLC	1.7
Total % of Top 25 Holdings	59.8
Total Number of Stock Holdings	56
Total Number of Bond Holdings	0
Total Number of Other Holdings	1
Total Number of Holdings	**57**

Performance Analysis as of December 31, 2011



Growth of $10,000
Series A
$6,088



Calendar Returns %
Series A

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Fund	-19.9	-21.3	13.4	8.7	4.0	20.5	-1.0	-34.9	9.2	0.4	-11.4
Quartile	4th	3rd	2nd	3rd	4th	4th	1st	2nd	4th	2nd	3rd

Trailing Return %	1 Mth	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.
Fund	-1.5	3.1	-13.3	-11.4	-0.9	-8.9	-2.7	2.3
Quartile	1st	2nd	3rd	3rd	4th	3rd	4th	—

MORNINGSTAR

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 December 31, 2011

Distributions ($)/Unit	2011*	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Total Distributions	0.13	0.03	0.25	0.34	0.15	0.13	0.08	0.01	0.01	0.07	0.43
Interest	0.13	0.03	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	12-2011	-8.9	6-2010	-6.0
Average		5.1		5.9		6.9		7.1
No. of Periods		282		258		234		174
Pct. Positive		66.3		57.8		63.2		75.3

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

Quarterly Commentary as at December 31, 2011

In the 4th quarter, the RBC European Equity Fund (Series A) gained 3.1% versus 3.0% return for the benchmark.

The best performing sector by some margin over the quarter was Energy followed by Materials. The defensive Health Care and Consumer Staples sectors also continued to perform relatively well. Utilities, Telecommunication Services, Information Technology and Financials were very weak this quarter.

The greatest contributors to performance were GEA Group, a German industrial company, and BT Group, the UK telecommunication operator. Also aiding performance positively was the underweight positions in two of Spain's biggest stocks – Santander and Telefonica. Holdings that contributed negatively to performance were K+S, the potash manufacturer, and Groupe Eurotunnel, the concession holder of the Channel Tunnel.

After adding some risk to the portfolios (largely through adding Financials), we gradually reduced the risk over the quarter and focussed on quality stocks at a reasonable price. These are the type of stocks that tend to outperform when macro indicators are moving downward, and earnings estimates are being cut.

Investor sentiment remains weak as uncertainty in the economic outlook persists. We are still lacking clarity on a resolution to the Eurozone crisis and developments here will continue to drive markets in the short-term. Earnings revisions continue to drift downwards. Valuations are not expensive and corporate balance sheets remain sound. As such, any improvement in the macro-economic outlook or a decisive policy response to the European crisis will likely be well received by investors.

Major Buys

BP
Kabel Deutschland
DRAX

Major Sells

Allianz
Intesa Sanpaolo
Centrica

RBC European Equity Fund

Disclosure

RBC 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 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.

This information has been compiled by RBC Global Asset Management Inc. (RBC GAM) from sources believed to be reliable, but no representations or warranty, express or implied, are made by RBC GAM, its affiliates or any other person as to its accuracy, completeness or correctness. All opinions and estimates constitute RBC GAM's judgment as of the date of this report, are subject to change without notice and are provided in good faith but without legal responsibility.

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.

MER (%) based on actual expenses for full year period January 1 to December 31, 2011.

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 December 31, 2011.

Morningstar ratings are overall ratings reflecting risk adjusted performance as December 31, 2011. 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.